Exhibit 6B

Objectors' Designations From December 5, 2013 Deposition of James Doak

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December 5, 2013 Deposition of James Doak

Pg: 12 Ln: 15 - 17

Designation:

Q. Mr. Doak, would you please state your name for the record?

A. Sure. James Leland Doak, D-o-a-k.

Pg: 13 Ln: 3 - 10

Designation:

I want to start with your declaration that was filed in support of the proposed debtor-in-possession financing. I'd like to, as the deposition goes on, just refer to it as the proposed DIP with the understanding that I'm referring to the financing requested by motion filed on November 5th of 2013 by the City. Can we agree that that -- for that shorthand?

Pg: 13 Ln: 18 - 21

Designation:

Q. Mr. Doak, am I correct that this is your declaration filed in connection with and as an exhibit to the DIP motion filed by the City?

A. It appears that it is, yes.

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December 5, 2013 Deposition of James Doak

Pg: 14 Ln: 2 - Pg: 18 Ln: 15

Designation:

14: Q. Can you help me out with the title structure at Miller Buckfire, what the various titles are and how they rank in the hierarchy?
A. Yes. We have a -- we have copresidents at Miller Buckfire. There are two of them right now, Mr. Ken Buckfire and Mrs. Norma Corio. They are both managing directors and copresidents. We then have a managing director title. Below that level, we have a director title. Below that level, we have a vice president title. Below that level, we have an associate title, and below that level, we have an analyst title.
Q. Okay. And is the organizational chart such that reporting is a straight line up and down through these titles or is it some other reporting scheme?
A. Well, just going generally off what you may mean by reporting, the hierarchy generally moves from the lowest level of analyst up through the managing director level. Individual assignments or tasks may be led by a lower-level individual occasionally and sometimes a project does not have an individual at each level.
Q. Okay. That makes sense.
In terms of the Detroit engagement

15:

specifically, are each of the copresidents involved in the Detroit engagement?

A. Yes.

Q. To the same degree?

A. No.

Q. Which has greater involvement?

A. Mr. Ken Buckfire has greater involvement.

Q. And, I'm sorry. How do you spell Ms. Corio? Is it C-a-r-i-o?

A. C-o-r-i-o.

Q. Pronounced Corio?

A. Yes.

Q. What is the degree of her involvement in that Detroit proceeding?

A. Mrs. Corio is involved in several specific tasks and work streams that favor or cater to her long-standing experience in restructuring and restructuring finance related matters. Those matters are the -- providing advice to the team on the post-petition financing and also assisting in portions of the negotiations with funded creditors of the City of Detroit, including proposals surrounding commutation of monoline insurance policies.

Q. Okay. And I gather that Mr. Buckfire's role is broader than that?

A. Yes.

16:

Q. Is it fair to say that he leads the Detroit engagement

for the Miller Buckfire team?

A. Yes.

Q. Now, you mentioned that Mrs. Corio was involved to some extent -- and we can get to what extent later -- in the DIP financing. Was Mr. Buckfire also involved in the DIP financing?

A. Yes.

Q. All right. You're a managing director, correct?

A. That's correct.

Q. Are there other managing directors at Miller Buckfire involved with the Detroit engagement?

A. Yes.

Q. Okay. And who were they?

A. The other managing directors at Miller Buckfire involved in the Detroit engagement include Mr. Buckfire, Mrs. Corio, Mr. John McKenna, M-c, capital K-e-n-n-a, and at this time, that's the extent of our upper managing director involvement.

Q. What is John McKenna's role?

A. He's a managing director at Miller Buckfire.

Q. No, I know what his position is. I'm sorry. Let me be more clear. What is his role in the Detroit engagement?

A. Mr. McKenna's role involves assisting the team, primarily me, in exploring the financial situation and strategic alternatives surrounding the Coleman A. Young Municipal Airport.

Q. So to make sure I understood your answer, is it fair to say that his, Mr. McKenna's, involvement with the Detroit engagement is focused on the Coleman A. Young Airport?

A. Yes.

Q. Is there a reason that his involvement has that focus?

A. Yes.

Q. What is the reason?

A. Mr. McKenna's involvement on that particular portion of the assignment relates to his significant experience in aviation, commercial aviation, and airline matters, including participation in the restructuring of US Air and subsequent positions on -- a subsequent position on the board of directors of US Air post restructuring.

He was also involved in the Gate Gourmet restructuring and his general understanding of aviation economics and the related sectors around that industry are helpful background when thinking through, you know, the -- the economics and current situation at the airport.

Q. Was he involved at all in the DIP financing?

18:

A. No.

Q. Which, if any, directors of Miller Buckfire are involved in the Detroit engagement?

A. The directors involved in the Detroit engagement include Mr. Kevin Haggard, H-a-g-g-a-r-d, and Mr. B.

Kyle Herman, H-e-r-m-a-n.
Q. And what's Mr. Haggard's role?
A. Mr. Haggard's role extends to two primary areas, one which take -- which has taken up the majority of his time associated with this assignment, is exploring financial and strategic alternatives with regards to the Detroit Water and Sewage Department. His second responsibility has been assisting on aspects of the post-petition financing. Was I supposed to tell you what Kyle was doing, too?

Pg: 19 Ln: 1 - Pg: 21 Ln: 14

Designation:

19: Before we go to Mr. Herman, let me ask another question about Mr. Haggard. You said that he had some responsibilities with respect to the DIP financing. What were those responsibilities?
A. He assisted my efforts and the team's efforts in regards to creating some of the presentation materials that we presented to key decision makers as the process unveiled and, also, he assisted in getting documents out to parties that were involved in the -- that we were soliciting proposals from, as well as other, you know, general -- general matters.
Q. I mean, would you describe his role as sort of facilitative rather than substantive?

A. I would describe his role as supportive to our efforts and supportive to my efforts. I would not describe them as nonsubstantive because he was providing key documents to parties we listed for proposals and I believe he participated in several, but not many, due diligence -- small due diligence calls that I may not have been able to participate in, and in such a function, you know, was providing substantive guidance to potential parties.
Q. Did he have anything to do with structuring or negotiating the principle terms of the DIP financing?
A. He was a -- Mr. Haggard was a participant in those

20:

discussions.
Q. Did he lead any of them?
A. No.
Q. Okay. Mr. Herman, what's his role in the Detroit engagement?
A. Mr. Herman's role in the Detroit engagement is wide ranging. It includes responsibility for creditor due diligence as well as exploring strategic alternatives for the City's noncore assets beyond the Detroit Water and Sewage Department and includes the work stream associated with the -- with the general restructuring process.
Q. Did he have any involvement in the DIP financing?
A. Yes.
Q. And what was the nature of his involvement?

A. Kyle's involvement, Mr. Herman's involvement in the financing process was primarily related to facilitating due diligence for some of the potential financing parties. Because of his familiarity with the wealth of materials we had created and collected in the creditor due diligence process, it was a natural decision when we were experiencing crunches to focus on him coordinating delivery of some of that information.
Q. Okay. Did he do anything other than facilitate due
21: diligence by prospective lenders?
A. Not that I can recall in a material manner.
Q. Okay. Okay. Any vice presidents with Miller Buckfire involved in the Detroit engagement?
A. No, I don't believe there are any vice presidents involved at this time.
Q. Okay. Any associates involved from Miller Buckfire in the Detroit engagement?
A. Yes.
Q. And who were they?
A. The associates involved in the engagement are Mr. Sanjay Marken, M-a-r-k-e-n; Mr. Vladimir Moshinsky -- sorry. I'm not going to spell it -- and Mr. Vincent Fea, F-e-a.

Pg: 21 Ln: 20 - Pg: 23 Ln: 8

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Designation:

Q. All right. We have Sanjay Vladimir and Vincent. Any other associates?

A. No.

Q. Okay. What is Sanjay's role?

A. Sanjay's role is very wide ranging. He assists the team on the DWSD work stream as well as the creditor and restructuring work stream and he has also been responsible for a portion of our -- creating some of our modeling analytics and our analytics related to the swaps and the Forbearance and Optional Termination Agreement.

Q. Did he have any involvement in the DIP financing?

A. Yes.

Q. What is the nature of his involvement in the DIP?

A. Sanjay assisted in producing financial analyses that calculated the expected required sizing of the payment that would be required for the Forbearance and Optional Termination Agreement and also ran some scenarios for us on what the -- what the financing context would be for that on a go-forward basis.

Q. Not sure I understand what you just said. Scenarios on what the financing context would be on a go-forward basis, can you maybe say that a different way?

A. Sure. He -- taking a look at what estimated financing -- post-petition financing sizes would be. He took a look at interest rate and amortization

assumptions and produced pro forma cash flows. So he did the -- he did the modeling analytics associated with some of our early thinking on the post-petition financing, modeling analytics outside of the City of Detroit's financing and modeling, just on a standalone basis, what would the post-petition financing look like as far as cash demands.

Q. Okay. Now I'm right that Ernst & Young was doing some of that, as well, weren't they?

A. Eventually as the financing took greater form, Ernst & Young started to do those analytics and incorporated those analytics into their larger models of the City's financials.

Pg: 23 Ln: 25 - Pg: 28 Ln: 15

Designation:

23:25 Q. So if I were to see a piece of his work product from one of these scenarios, I mean, what would I be looking at?

A. You would be looking at a first page that provided some assumptions over what the swap termination payment looked like, what a potential interest rate for any loan taken out to make that payment would look like, and what the amortization would look like for that -- for that financing, and then you would see a series of columns across the bottom that charted out

over a series of months and years what the interest would be in each given month, what the amortization would look like throughout the period, and what the remaining balance would be across the period.

Q. So he was basically doing amortization schedules? I mean, that would show -- he wasn't doing a full-blown cash flow that would show the impact on the City, you know, cash beginning period, cash end of period? He was simply doing on a month-to-month basis based upon various loan amounts and interest rates what the financing cost to the City would be in terms of amortization of principal and interest?

A. That's correct. Occasionally -- well, those analyses in some versions compared the cash flows -- those amortization schedules, to the status quo case of how much the City was paying annually, so the 50 million

25: per year as a reference point, right.

So, for instance, we looked at assumption saying, okay, we have 50 -- let's say we still have 50 million. Let's take a look at interest rates. Let's say everything that doesn't go to interest pays amortization. What would that payoff look like. What would that amortization schedule look like if we were applying the same resources towards paying off a post-petition financing.

Q. So some of what he did was not just running scenarios in a vacuum. Some of what he did was running

scenarios in what the various deltas of cash usage would be, various loan scenarios versus the status quo?

A. You know what, I would say it's probably running scenarios in a vacuum. However, I only wanted to point out, to provide a complete answer, that some of the inputs were based not just on, you know, raw numbers made up in a table, but some of the contextual factors associated with the City's financing right now such as what the swap was costing us on an ongoing basis.

Q. And when he included the swap cost on an ongoing basis in these scenarios, did he keep it level based on current interest rates or did he model changes in

26:

interest rates versus the -- and the affect that might have on the swap payment?

A. With regards to this exercise, I do not recall whether he adopted a flat assumption on what the swap payments would be. In other analyses, we have utilized the forward LIBOR curve, which, in effect, does what you're suggesting.

Q. And in terms of the forward LIBOR curve, who created the curve?

A. You'll have to be more specific.

Q. Who did the analysis that went into the forward LIBOR curve? Was that something publicly available or was that something generated by Mr. Marken or someone

else?
A. The data underlying the forward LIBOR curve is information that we access through our Bloomberg -- Terminal and Bloomberg subscription. So the forward LIBOR curve is created by the market makers, in effect, right, as far as gathering that -- those numbers which are in the Bloomberg information system and placing them into an Excel file which generates outputs. That is a process that Mr. Marken would do.
Q. Okay. And do you know when most recently he's -- he's done that to have an updated forward LIBOR curve?
A. Yes.
27: Q. And how recently has he done that?
A. Yesterday.
Q. Has he done an analysis on what prospective payments under the swaps would be based upon his most recent forward LIBOR curve?
A. Yes, he has.
Q. Do you know what that analysis reflects in terms of prospective swap payments?
A. No, I don't.
Q. Okay. Prior to his most recent analysis, when was the last time he did a calculation of the forward LIBOR curve?
A. The best of my recollection, in -- he performed the analysis in September.
Q. And did he do an analysis based upon that curve of

what prospective swap payments would be?
A. Yes. However, I don't know whether you're referring to a -- you know, particular -- what particular scenario you're referring to. He's produced a -- a piece of analysis that I believe has been discussed in prior depositions of Mr. Buckfire, which is a multipage set of financial analytics associated with the negotiations of the Forbearance and Optional Termination Agreement and some of the calculations that aid the -- the City in assessing its decisions in
28: negotiating that agreement.
Q. Okay. And I understand that there are two different things you can use this forward curve for with respect to the swaps. One is to calculate or recalculate a termination payment, but you can also use it to project what the net amount due under the swaps would be from the City, correct?
A. Yes.
Q. Okay. And my understanding is that the working assumption for purposes of comparing the relative obligations of the City as between the DIP and the swap has assumed that the swap payment on an annualized basis is $50 million, correct?
A. That is the assumption that's in the City's model, and I need to go off record for one second.

Pg: 28 Ln: 19 - Pg: 29 Ln: 11

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Designation:

28:19 THE WITNESS: So, I -- just to correct something I said earlier --
BY MR. MARRIOTT:
Q. Yes?
A. -- it -- in addition to looking at the forward LIBOR curve yesterday to produce an update of some analytical that also factored into our -- some

29: September materials, Mr. Marken has been looking at a forward LIBOR curve in regards to estimated future payments by the City and potentially by the monoline insurers for various discussions with parties and that has occurred in the in-between period.
Q. Okay. Based upon the most recent forward LIBOR curve information that you're aware of, does $50 million remain the -- a reasonable estimate of what would be payable on a go-forward basis under the swaps on an annualized basis or should the number be different than that?

Pg: 29 Ln: 17 - Pg: 32 Ln: 15

Designation:

29:17 Q. Okay. Based upon the most recent forward LIBOR curve information, does $50 million remain the -- a reasonable estimate

of what would be payable on a go-forward basis under the swaps on an annualized basis or should the number be different than that?)

THE WITNESS: We need to discuss what the underlying assumptions are that you want me to use to answer that question because we -- the swaps are currently in default and if we move forward with the assumption agreement, it's only a one-year agreement. So if -- so if one was to make an assumption that the City was in compliance, which it's not --

BY MR. MARRIOTT:

Q. Maybe I can --

A. -- for the long term, than the 50 million per annum payment is based on an assumption that LIBOR remains at the relatively historical low levels that it has been for the recent -- for recent history.

Q. Okay. Let me ask it -- maybe try the question a different way. When the $50 million number was arrived at for purposes of comparing the costs to the City of continuing with the swap versus borrowing under the DIP and terminating the swap, am I correct that there was a LIBOR rate assumption built into the calculation of that 50 million?

A. Yes.

Q. Okay. If that number were to be calculated, the same 50 million, keeping all of the assumptions the same

except LIBOR, if that number were to be recalculated today using the most recent LIBOR forward curve, what would it be?

A. The current annualized payment amount remains -- in the near term, remains 50 per annum.

Q. Regardless of what LIBOR is?

A. No. If LIBOR changes, if we all woke up tomorrow and LIBOR was at the level that it was in 2006, the payment would be significantly less than 50 million.

Q. Okay. And --

A. The curve does not suggest that will happen.

Q. Okay. Does the curve suggest that number will come down some?

A. The curve suggests that sometime in the future LIBOR will return to levels above its historic lows.

Q. Okay. Has any calculation been done of -- on a look-forward basis of what the swap payment will be if LIBOR rates, in fact, follow the current forward curve?

A. Yes.

Q. Okay. And what does that calculation reflect happens to the $50 million?

A. I don't recall.

Q. Okay. Who generated that -- the analysis we've just described?

A. Sanjay Marken generated that analysis.

Q. And you've seen it but you don't recall what it

reflects; is that a fair statement?

A. I've seen the analysis that involves the calculation you are discussing and the analysis is associated with the other dialogue associated with the City's monolines. It is not associated with this particular post-petition inquiry because we are primarily focused on the fact that we are currently in default under the swaps and they could be terminated at any point.

Q. But --

A. And --

Q. I'm sorry. Go ahead. I don't want to cut you off.

A. And, alternatively, if we enter into the Forbearance and Optional Termination Agreement, then we have a one-year period of status quo, and through that period, market data suggests the payments will be approximately 50 million, and at the end of that, we would have to renegotiate whatever comes next.

Pg: 33 Ln: 6 - 20

Designation:

33: Mr. Fea, what's his role in the Detroit engagement?

A. Mr. Fea has assisted the team on aspects of the DWSD transaction and on aspects of the post-petition financing.

Q. Okay. And what has been his involvement with the DIP

financing?
A. His involvement has largely been a facilitating role and he has assisted in creating presentations and communicating with potential financing parties.
Q. Okay. When you say facilitating role, are you using it in the sense that I used earlier; in other words, he hasn't had a substantive role in the DIP financing process?
A. Yes.

Pg: 33 Ln: 21 - Pg: 36 Ln: 24

Designation:

Q. Okay. Before we go on, you referenced the DWSD work stream, the creditor restructuring work stream. Is that how Miller Buckfire organizes projects around work streams?
A. It's one of the ways we do it, yes. Because of the amount work and efforts across a broad range of issues associated with the Detroit restructuring, at some point we have asked our junior bankers to focus on some projects more so than others. Several of us are -- you know, have more broad focus -- more -- a broader focus across all or substantially all the issues.
Q. Do you have identified work streams other than DWSD and creditor restructuring?

A. Yes.

Q. What are the other work streams associated with the Detroit engagement?

A. In addition to DWSD and creditor restructuring, there are work streams associated with just creditor due diligence, swaps, noncore assets. Separate from that, airport, and those are all the work streams I can recall at this particular point.

Q. All right. The creditor restructuring work stream, does that work stream include formulation of a plan of adjustment?

A. Yes.

Q. Okay. And which of these --

A. Well, it would include a formulation of a plan of adjustment.

Q. Okay.

35: A. Yes.

Q. And which of these work streams -- under which of these work streams did the DIP financing process fall?

A. The DIP financing is its own work stream.

Q. So I've got a DWSD work stream, a creditor restructuring work stream, creditor due diligence work stream, swaps work stream, noncore assets work stream, airport work stream, and a DIP financing work stream. Are there any others?

A. Not to my recollection. Those are -- those are the work -- those are the identified work streams that I

recall that we've used to organize our efforts.
Q. Okay.
A. There are other points of work that are going on, but they may not be ones where we have taken the time to write out on a piece of paper who exactly is responsible for the given effort at the given level in our hierarchy.
Q. Okay. Do the work streams have identified -- within Miller Buckfire, do they have identified individuals who bear principle responsibility for managing that work stream?
A. Yes.
Q. Okay. Who bears principle responsibility for managing the DWSD work stream?
36: A. Ken Buckfire.
Q. Who has principle responsibility for managing the creditor restructuring work stream?
A. That's Ken Buckfire and myself.
Q. Who has principle responsibility for managing the DIP financing work stream?
A. I do. I mean, more particularly, the piece of paper that I'm thinking of has, you know, who are the -- who are the managing directors working on each one of these particular items. We don't necessarily get into who is the single individual lead on something in particular. So -- but on financing, it would be myself.

Q. What about swaps?
A. Mr. Buckfire, and he's there; I'm there.
Q. What about noncore assets?
A. I'm there.
Q. All right. And I guess just to be complete, creditor due diligence?
A. I'm there.
Q. Okay. And airport?
A. Well, I'm there and McKenna's there.
Q. He's the airport guy basically?
A. Yeah.

Pg: 36 Ln: 25 - Pg: 38 Ln: 19

Designation:

Q. Okay. All right. So you lead the DIP financing work stream. What was the role of Ken Buckfire in connection with the DIP financing process?
A. Ken has participated in many discussions associated with the, you know, overall strategy and restructuring behind the post-petition financing and presented with me results of the process at various stages to decision makers and others involved in the process and has acted as a resource and sounding board for me and other members of the team in regards to strategy and communications.
Q. What about Mrs. Corio?

A. Mrs. Corio has also participated in strategy and structuring discussions through the design and solicitation process and has acted as a sounding board for -- for me and others on the team in regards to strategy and messaging.

She was also the formal addressee of the solicitation process, probably the formal invitor as well, too, when it comes to the correspondence.

Q. All right. So she was the name on the solicitation of proposals and the recipient of those proposals?

A. Amongst other points of participation, yes.

Q. Okay. But that's what you meant by addressee of --

A. Yeah.

Q. Okay. That's what I was asking. How would you

38:

describe your role in connection with the DIP financing?

A. My role has been a multifaceted one, taking a lead and coordinating position from some of our initial dialogue about the post-petition financing through the original restructuring processes -- sorry -- original design processes, producing presentations for key decision makers about the potential process. I've also, then, led the efforts at Miller Buckfire to structure the proposed financing, create the list of potential contact parties, originate contacts with many of those parties, coordinate our communications, the majority of our communications with Jones Day and

the City, coordinate and lead dialogue and due diligence efforts with potential parties, select parties to continue in the process and participate in negotiations as required to get to the commitment. It's a very large, comprehensive, you know, leadership role insomuch as the banker's to have one.

Pg: 38 Ln: 23 - Pg: 42 Ln: 4

Designation:

BY MR. MARRIOTT:

Q. Mr. Doak, let me know when you've had a chance to flip through what's been marked as Exhibit 2. Do you recognize this document?

A. Yes.

Q. Am I correct that this letter, together with the attached term sheet, was the material used to solicit DIP proposals from prospective lenders?

A. This is a portion of the initial materials.

Q. But it also included a liquidity analysis. Was that the other piece?

A. It also included a copy of the Forbearance and Optional Termination Agreement --

Q. Okay.

A. -- and it included the liquidity forecast.

Q. Now, the liquidity forecast -- and I was a little confused by some of the production on this point. Was

the liquidity forecast ready to go when the term sheet, the forbearance agreement, and this letter first went to prospective lenders or was that a follow-up item?

A. It was not ready to go. So for parties that received the materials when they first went out, the cash flow forecast was a follow-up item.

Q. Okay. If you would turn to the third page of the exhibit, which is the first page of a -- what I think has been referred to as an indicative term sheet. Do you see that?

40: A. Yes.

Q. Now, my understanding is this was prepared by the City as a proposed structure for the DIP financing, correct?

A. That's accurate.

Q. Okay.

A. The City and it's advisors.

Q. Okay.

A. I don't think there's anyone in the City that would draft this.

Q. Fair point. Let me ask this question: Did you draft this term sheet?

A. I participated in its creation, but it was not drafted on Miller Buckfire's system.

Q. By that, I assume you mean it was on Jones Day's system?

A. Yes.

Q. Okay. Let me ask the question differently because I did create an ambiguity there. The business terms that are set forth in the term sheet circulated to prospective lenders by the City, did you structure those business terms?

A. Yes, I was a participant in the structuring of those business terms.

Q. Okay. Who else participated in the structuring of

41:

those business terms?

A. I'm going to need more clarity on how you want me to think about participation.

Q. All right. Well, let's try this. I'm assuming -- and if I'm wrong, tell me -- that there is a person who initially sat down and crafted a proposed structure for the DIP loan; is that correct?

A. I would suppose by definition there would have to be, right. There has to be an inception date.

Q. And was that person you?

A. Most likely, it was.

Q. Okay. And then having come up with a possible structure for DIP financing, who would you have -- or let me rephrase it. Who did you then discuss the proposed economic terms with at Miller Buckfire?

A. The terms then at Miller Buckfire would have been discussed with Mr. Ken Buckfire, Mrs. Corio, Mr. Haggard, Mr. Fea, Mr. Marken, as well as

potentially other team members.

Q. Were there earlier iterations of proposed business terms for the DIP prior to those business terms memorialized in the term sheet that were sent to prospective lenders?

A. Yes.

Q. Do -- were any of those earlier iterations committed to paper?

A. I -- to the best of my recollection, yes.

Q. Do those earlier iterations still exist?

A. I would presume they're somewhere in people's systems.

Pg: 42 Ln: 5 - 9

Designation:

Q. How many Chapter 9 proceedings at any point in your career have you been involved with?

A. One.

Q. Is that one the City of Detroit?

A. Yes.

Pg: 42 Ln: 17 - Pg: 44 Ln: 7

Designation:

How many distressed municipal situations at any point in your career have you been involved in outside of Chapter 9?

A. Two.

Q. And what are those two?

A. City of Detroit before it filed for Chapter 9.

Q. Fair.

A. And the Mashantucket (Western) Pequot Tribal Nation.
Tell you what, why don't we -- Foxwoods.

43:

Q. Okay. Foxwoods. And who were you employed by at the time when you worked on Foxwoods?

A. Foxwoods.

Q. You were engaged by Foxwoods?

A. Yes.

Q. And you personally or were you with a firm?

A. Miller Buckfire was.

Q. Oh, it was Miller Buckfire. Okay. And what was the nature of Miller Buckfire's engagement for Foxwoods?

A. Restructuring services and advisory.

Q. Now, I understand Foxwoods or a tribe is not a private entity. Did you interpret my question about municipal restructurings to include what I'll call governmental restructurings generally or is Foxwoods a municipality?

A. I interpreted your question to refer to the restructuring of municipal finance market obligations, so tax free obligations that have monoline insurers and others associated with them, and that was a significant and material portion of the Foxwoods capital structure, and as a result, I spent a

considerable amount of time engaged in restructuring negotiations with municipal bondholders and to monoline insurers.

44: Q. Okay. So Foxwoods had tax exempt debt?
A. That's correct.
Q. Okay. But it's fair to say that the DIP loan here is your first attempt at structuring municipal debt in the context of a Chapter 9; is that correct?
A. I think it's anyone's first attempt, honestly, but, yes. This is my first post-petition finance facility under Chapter 9.

Pg: 44 Ln: 8 - Pg: 45 Ln: 2

Designation:

44: Q. And tell me what you did with Foxwoods. Did you -- did you advise and assist Foxwoods in going into the municipal markets for placement of tax exempt debt?
A. No.
Q. Did you assist Foxwoods into going into the municipal markets to obtain taxable debt?
A. No.
Q. Does -- well, let me ask the question differently.
What is Miller Buckfire's experience in whoever -- we can find out who it is later. What is Miller Buckfire's, as a firm, experience in the municipal debt markets?

45:1 (continuing)

A. I need assistance in understanding what you mean by municipal debt markets.
Q. Well, I mean, how many engagements has Miller Buckfire had by an issuer of municipal debt seeking their services as a banker to structure and solicit debt in the municipal markets?
45: 1 A. This -- the answer to that question would be one, would just be working with the City of Detroit --

Pg: 46 Ln: 18 - 22

Designation:

46:18 Q. What documents did you review to prepare your declaration?
A. I don't know how to answer that question.
Q. Okay. Do you remember any documents you looked at in connection with preparing your declaration?

Pg: 46 Ln: 25 - Pg: 47 Ln: 4

Designation:

46:25 THE WITNESS: Well, I read the declaration
47: 1 and it appropriately reflected my professional background, the process that we -- that was run, and the conclusions and recommendations that Miller Buckfire had been prepared to make at various points.

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Pg: 47 Ln: 5 - 18

Designation:

BY MR. MARRIOTT:

Q. Okay.

A. And --

Q. Did you review the Barclays' term sheets?

A. Yes.

Q. Did you review the Barclays' fee letter?

A. Yes.

Q. Did you review the -- what I gather to be the definitive bond purchase agreement and indenture that were attached to the motion?

A. Yes.

Q. Did you review any documentation prepared by Conway McKenzie?

A. I reviewed materials prepared by Conway McKenzie.

Pg: 48 Ln: 3 - 11

Designation:

Have you ever been qualified as an expert to give testimony in a court proceeding?

A. Yes.

Q. How many times?

A. Twice to my recollection.

Q. Okay.

A. Well, three times in two situations --
Q. Okay.
A. -- to the best of my recollection.

Pg: 50 Ln: 18 - Pg: 51 Ln: 6

Designation:

50:18 Q. Okay. Let's go back to Doak 2. And, again, let's just flip to the term sheet. Now the term sheet contemplates two loans, a swap termination loan and what's called a quality of life loan, right?
A. Yes.
Q. Aggregating $350,000, right?
A. $350 million.
Q. I'm sorry. 350 -- if only it was 350,000.
51: 1 A. Well, it wouldn't do us much good, right, if it was only 350 --
Q. It would be gone. Now, notwithstanding the two pieces of this, I'm correct, am I not, that the principle purpose of the DIP financing is the swap termination loan?

Pg: 51 Ln: 9 - 11

Designation:

51: 9 THE WITNESS: The largest use of proceeds is to finance the terms under the Forbearance and

Optional Termination Agreement.

Pg: 52 Ln: 3 - 24

Designation:

52: 3 Q. Do you recognize what's been marked as Doak 3?
A. Yes.
Q. Am I correct that this was a package that was given to City Council for purposes of its deliberation on whether to approve the DIP financing?
A. Yes. That's -- that's accurate.
Q. If you would look at the page that's Bates stamped 12998, background of the transaction. You see where I am?
A. Yes.
Q. There's a bullet point after extensive negotiation and then there are a series of points beneath that. The third one, the City can elect to terminate the swaps at a discount to the Mark-to-Market value if it can raise the required cash to fund the payment. Do you see where I am?
A. Yes.
Q. This is the primary reason the City began the process of soliciting finance and the largest single use of financing proceeds. So do you agree with this statement made to the City Council that the primary reason for the DIP financing was the swap termination?

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Pg: 53 Ln: 6 - 9

Designation:

BY MR. MARRIOTT:

Q. Well, let's start with do you agree with this sentence?

A. Yes.

Pg: 53 Ln: 18 - Pg: 54 Ln: 2

Designation:

This sentence says the primary reason the City began the process of soliciting financing was to terminate the swaps, correct?

A. The primary reason the City began the process of soliciting the financing was to raise the necessary proceeds to make the payment required under the Forbearance and Optional Termination Agreement.

Q. Okay. Who -- who suggested that the City seek an amount in excess of what it would take to terminate the swaps?

Pg: 54 Ln: 13 - 25

Designation:

THE WITNESS: The thought process

surrounding what a post-petition financing could be utilized for for the benefit of the City and its stakeholders has included reasons or motivations or ideas beyond the termination of the swaps for quite some time. The initial reference that I can recall to using a post-petition financing for a purpose other than the Forbearance and Optional Termination Agreement would most likely be a moment where Ken Buckfire and I were dialoguing with members of the root cause committee associated with the department water and sewage long-standing litigation about their refinancing needs and cost of capital.

Pg: 55 Ln: 1 - Pg: 56 Ln: 5

Designation:

55: BY MR. MARRIOTT:
Q. Okay. I'm not sure I understand that answer. Let's start with who is the root -- what is the root cause committee?
A. The root cause committee was a committee created by Judge Cox to bring about the conclusion of the long-standing litigation amongst and between the City, the State, the Environmental Protection Agency, and the surrounding counties to the City of Detroit in regards to the inability of the City to operate the water and sewage functions within environmental

guidelines.

Q. And when did this meeting with the root cause committee that you've just referenced happen?

A. To the best of my recollection, that was in February.

Q. Pre-petition?

A. Yes.

Q. And how does what happened at that meeting pre-petition with the root cause committee relate to seeking DIP financing in excess of what would be required to terminate the swaps?

A. At the time, Mr. Buckfire and I thought that a post-petition financing could be a way to refinance some of the department -- the department's water fund and sewer fund debt with substantial interest rate

56: savings to the department and the City.

Q. Well, but correct me if I'm wrong. There's no intention of using the -- what's called the quality of life loan to refinance DWSD debt, is there?

A. No, there's not.

Pg: 56 Ln: 6 - 12

Designation:

56: Q. Okay. So I understand that in February there may have been discussions about the benefits of refinancing certain of the City's debt, but what I'm trying to understand is the genesis of borrowing money in the

proceeding under the DIP in excess of the amount needed to terminate the swap. Where did that idea originate?

Pg: 57 Ln: 3 - 10

Designation:

57: 3 THE WITNESS: That idea would have originated in the late spring/early summer time frame where we were focused on post-petition financing as being a potential opportunity for the City in several avenues, including financing to the general fund, which would include payment of the -- payment required under the Forbearance and Optional Termination Agreement.

Pg: 57 Ln: 19 - 21

Designation:

57:19 Q. That wouldn't be good. You indicated that there were discussions in, I believe, you said May and June time frame.

Pg: 57 Ln: 25 - Pg: 59 Ln: 13

Designation:

57:25 Q. In some time frame commencing pre-petition, correct?

58:
A. Uh-huh.
Q. Okay. About borrowing money for deposit into the general fund. Is that a -- am I correct so far?
A. Yes.
Q. Okay. With the purpose -- I'm asking you -- with the purpose of depositing it in the general fund at the time you were first contemplating this, whenever it was, spring, to, you know, provide a supplement to the City's working capital during the proceeding?
A. Yes. That would be in the May/June time frame, this -- that concept that the general fund may need additional financial resources to proceed with a potential, but in no way inevitable, filing at an indeterminate date in the future. Like, that's when we were thinking about that idea --
Q. Okay.
A. -- amongst others.
Q. All right. So then the petition is filed. Given that you had considered the potential need to supplement the City's general fund, is there a reason for the -- that the City waited until August to begin soliciting financing proposals?
A. Yes.
Q. What is that reason?
A. Amongst the reasons that the -- I'm going to answer

59:
the question what -- what are some of the -- well, there's many reasons why it -- we started the

solicitation process in late August, chief of which is we had not yet concluded our discussion amongst key decision makers about the nature of the solicitation documents and the -- what did we call this, the term sheet -- the indicative term sheet.

Q. So if I understand your answer, it took a while to generate -- to reach consensus on the business terms that would be reflected in the indicative term sheet that was sent to proposed lenders. Is that a fair summary of --

A. Yes, that's a fair summary.

Pg: 59 Ln: 14 - Pg: 62 Ln: 8

Designation:

59:14 Q. When did the process of formulating what eventually became the economic terms of -- sent to prospective lenders, when did that process begin?

A. I don't recall a particular date, but most -- I believe it was in the late July/early August time frame.

Q. Late July or early August?

A. Yes.

Q. Okay. And do you recall who initiated that process?

A. Are you looking for a person --

Q. Yeah, a person.

A. -- or an institution?

60:
Q. No, a person.
A. Myself and Mr. Buckfire.
Q. Okay. All right. Now, as I understand it, the City went out and the term sheet reflects that the City anticipated that of the $350 million for which financing was sought, roughly 230 million would be necessary for the swap termination loan, correct?
A. Yes.
Q. Okay. Leaving $120 million for other purposes, correct?
A. Yes.
Q. Why $120 million? Where does that number come from?
A. That number is -- that number is a result of the iterative dialogue that various decision makers and advisors had about a wide range of factors, including the desired overall size of the facility and the likely amounts required for the swap termination loan portion, as well as the interest rate of the overall facility, the potential required amortization and desired proposed remedies and indicative cash flow forecasts that were provided by Ernst & Young incorporating those amounts of overall proceeds and, also, quality of life loan size proceeds, which were also -- and that analysis was also informed by work that the City and Conway McKenzie had performed in

61:
regards to prospective spending on required reorganization -- operational reorganization and

reinvestment initiatives.

Q. Okay. You said that that was -- I'm going to drill down a little bit. You said it was --

A. Well, I would -- amongst other factors, including, you know, appropriate liquidity cushion, and state of the City's overall finances.

Q. Okay. You said there was an iterative dialogue among various City representatives, advisors. Who participated by organization? Let's start with that. Who participated by organization?

A. The City of Detroit, both the Office of the Chief Financial Officer and the Office of the Emergency Manager; the City of Detroit's advisors, including Miller Buckfire, Conway McKenzie, and Ernst & Young; as well as the City's counsel, Jones Day and Miller Canfield; the Michigan Finance Authority, representatives of the Michigan Finance Authority; the representatives of the State Treasurer's Office; and I think I'd need to -- I think I need to know with regards to what items we're discussing to formulate whether various of their advisors were participating in the process.

Q. All right. Well, that's a pretty good list. The State Treasurer's Office and the Michigan Finance Authority --

A. Yeah.

Q. -- is it Finance?

Was their involvement -- were they involved in the -- what I'll call the sizing of the DIP loan or were they involved separately ultimately in approving the DIP loan?

Pg: 62 Ln: 11 - Pg: 64 Ln: 15

Designation:

62:11 THE WITNESS: Representatives of both of those groups participated in the structuring discussions that we had over the post-petition facility in the August time frame.

BY MR. MARRIOTT:

Q. Had the State Treasurer's Office and the Authority signed off on the formal term sheet that was sent to respective lenders?

A. They saw it. They saw the materials. I don't know -- I can't speak to what the verb signoff would kind of mean in an official capacity, but they had reviewed the package.

Q. Had either of them lodged any objection to the -- either the concept of DIP financing or the terms reflected in the term sheet sent to prospective

63: 1 lenders?

A. Neither institution lodged it, had any standing objections, as it would be, to the package that we went out with.

Q. Did they, either of them, at any point in the process express any concerns or objections at all?
A. Yes.
Q. Okay. Was it the Authority or the State Treasurer's Office that expressed concerns or objections?
A. The particular event that I'm thinking of, which I can't say is the only one, came from the Finance Authority.
Q. Okay. And what was their concern or objection?
A. They wanted the solicitation to reflect the City's willingness to think as creatively as -- and comprehensibly as possible in regards to financing alternatives and requested that we incorporate language in the cover letter as well as the term sheet indicating that we would consider financing proposals other than a debtor-in-possession financing facility, including but not limited to novation concepts of the City swap agreements.
Q. Do you have understanding of why that issue was important to them?
A. They had indicated that some potential financing or
64: liquidity providing parties had mentioned to them that novation of the City's swap agreements could be another method to produce the liquidity that the City required and they did not want to discourage those parties from participating in the process.
Q. And their concerns were addressed by including in the

letter an invitation for prospective lenders to
propose a structure different than that set forth in
the term sheet that they were sent; is that correct?
A. The resulting change was incorporated into the first
sentence -- or, sorry -- the last sentence of the
first paragraph of the cover letter --
Q. Okay.
A. -- as well as the first page of the term sheet under
the provision 2, type and amount.

Pg: 64 Ln: 16 - Pg: 65 Ln: 9

Designation:

64:16 Q. Okay. Now, let's go back to the genesis of $350
million. The first factor that you gave, and I don't
know whether it's the first, most important, but I'll
ask. The first factor you gave is a consideration
of -- based upon principal amortization schedule,
interest expense, and the like was could the City
afford the loan; is that correct?
A. I need a -- you need to reask the question.
Q. All right. In determining how much to borrow --
A. Right.
65: 1 Q. -- was the first consideration what the City from a
cash flow standpoint could afford?
A. One of the considerations was whether the City could
tolerate from a liquidity standpoint a -- a hard

amortization scenario where the lender would be collecting under a default interest rate, as well as the contractual mandatory amortization provisions.

Q. Okay. So the City was concerned about not borrowing more than it could service or repay; is that fair?

Pg: 65 Ln: 12 - Pg: 66 Ln: 7

Designation:

65:12 THE WITNESS: I -- not the City. I'm not the City, but I think that that appropriately reflects one of the concerns that the City decision makers had.

BY MR. MARRIOTT:

Q. Let me try asking the question this way, and if I'm not clear, we'll try again. The total amount the City borrowed or proposes to borrow and proposed to borrow when it went out to lenders was $350 million, right?

A. Yes.

Q. It was an assumption that approximately $230 million of that would be used for the swap termination, correct?

A. That's correct.

Q. That left $120 million for other uses, correct?

66: 1 A. Yes.

Q. Was that $120 million a number that was built up from particular uses that the City had in mind that aggregated to $120 million or was that $120 million

simply the balance of a total loan that the City felt
it was appropriate to borrow? Do you understand the
question I'm asking?

Pg: 66 Ln: 10 - 22

Designation:

THE WITNESS: I do understand the question. You're asking, in essence, this is a which-came-first type concept, and I don't believe that that's an appropriate characterization because the process, in the end, was, as I said, highly iterative and the -- the City and its stakeholders had an opportunity to take a look at this particular loan sizing and what the implications were for the City's liquidity as the City proceeded down a revised restructuring and reinvestment path and had the opportunity to determine whether that was acceptable, both in terms of the loan size and also what the initiatives -- the revised form of the initiatives.

Pg: 66 Ln: 24 - Pg: 67 Ln: 12

Designation:

Q. In coming up with the $120 million, roughly, for the quality of the life loan, was -- were you working from sort of wish list of purposes to which the money would

be devoted?
A. No. That's not how I've characterized how the process the City engaged in worked and Miller Buckfire was not focused on a -- any sort of City wish list.
Q. Would it be fair to say that from Miller Buckfire's perspective, you were approaching this similar to the way you were thinking about it back in the spring before the case was filed; in other words, looking at cash flow projections out of the general fund and making a judgment as to what amount would be necessary to maintain appropriate liquidity during the case?

Pg: 67 Ln: 15 - Pg: 68 Ln: 17

Designation:

67:15 THE WITNESS: No, I don't believe that that's -- that's accurate. Our thinking considerably evolved, because in the spring, we did not have any anticipated, you know, time and conclusions on how exactly a Chapter 9 proceeding would look liquidity wise and when it would occur.

So in the spring, there was a general concept that one purpose of providing liquidity to the general fund would be working capital, in addition to the payment under the Forbearance and Optional Termination Agreement. The process that we went

68: 1 through in late summer was much more reality and data

based because we actually had a filing and we had, you know, actual and forecasted cash flow balances and we had an understanding of what the -- some of the operational and reorganization initiatives would be on a -- on a grandular level and also how they would potentially have to be revised considering in their initial formulation, they were supposed to begin mid summer.

Similarly, we -- in addition to having an actual filing date and resulting working out -- working capital implications from that filing, we had revised actual performance and prospective assumptions about obligations the City was continuing to pay on and the City's cash flows. So we had a better sense of -- in a revised sense, of where the City's liquidity would be.

Pg: 69 Ln: 13 - Pg: 70 Ln: 2

Designation:

69:13 Q. First of all, let me just confirm this. I believe that you sent two packages to -- by the way, that reminds me of a question. Back when you did your list of people who were involved in the iterative dialogue regarding the structure and economics of the proposed DIP, you didn't mention the City Council. Was the City Council or any of its representatives or advisors

involved in that iterative dialogue?
A. No.
Q. But, ultimately, you advised them by advising them I think first of the status and then of outcome; is that correct?
A. Yes.
Q. Let me --
A. Yeah. I think that's fair.

Pg: 70 Ln: 16 - Pg: 72 Ln: 24

Designation:

70:16 Q. Mr. Doak, take a second to look at what's Doak 4 and let me know when you've had a chance to do that.
A. I'm set.
Q. Okay. This is dated, I think, 10 days before Doak 3?
A. Yes.
Q. And I read it as a staff -- as a status update rather than transmission of final terms?
A. That's correct.
Q. Was this, in fact, transmitted to City Council, this document?
71: 1 A. This was provided to each member of City Council in six one-on-one meetings that I had with each one of the members, and in one instance that I can recall, with a staff member. So this was physically handed to the council member.

Q. Okay. And then you met with each of them individually, not with City Council as a group, in discussing this Doak 4?
A. Yes.
Q. Okay.
A. Subsequently, later on, one council member requested this in an electronic form and I believe I provided it to him.
Q. Now, if you would flip to what's Bates stamped 20043. This has this financing process, progression, which is what I suspect you were flipping through Doak 3 to find.
A. Yes.
Q. So number of parties contacted is 50. That contacted does not mean they were sent a package, correct?
A. That's correct.
Q. Okay. Who identified the 50 to contact?
A. Multiple parties identified the 50. Miller Buckfire prepared an initial list and parties -- parties involved were able to add themselves and, also, some
72: 1 parties contacted the City and Miller Buckfire.
Q. Okay. So parties contacted could mean either Miller Buckfire out or somebody in?
A. Yes.
Q. Okay. And then the next line item is number of parties that executed nondisclosure agreements. Would those -- all of those 40 have gotten the proposal

package?
A. Yes.
Q. Okay. So all of those 40 would have gotten the Doak 2, the associated term sheet, the forbearance agreement, and subsequently the liquidity analysis?
A. Yeah.
Q. Okay. And then 16 submitted letters of intent, which took what form in your process, a proposed term sheet? Is that -- what did the letter of intent have to look like?
A. A letter of intent had to -- it had to be a -- some form of structured response in regards to a financing commitment or other structure. It had to be -- it could be two pages back, indicating general interest in participating with an indication as to which of the facilities and the size and generate conversations or it could be a fully marked-up term sheet.

Pg: 73 Ln: 11 - 17

Designation:

73:11 Q. No, no. I probably asked the question incorrectly. Do you know how many of the 16 either marked up your term sheet or submitted a term sheet of comparable detail?
A. I can't recollect a specific number, but I would say to the best of my recollection, maybe eight, seven or

eight.

Pg: 74 Ln: 3 - Pg: 75 Ln: 3

Designation:

74: Q. If you would take a look at what's been marked Doak 5 and turn to Bates stamped 20218.
A. Yeah.
Q. It says at the top Post-Petition Financing All-In Cost Analysis?
A. Yes.
Q. There are, in fact, eight parties listed here. Are these the eight that provided either a mark up of the term sheet or something in comparable detail?
A. These are the eight at that particular time. I would say your total number ends up being nine.
Q. Okay. And was another version of this comparison done that added the ninth?
A. No.
Q. Okay. And one more question, and then we'll break for lunch.
Looking back at Doak 4, it indicates that four parties ultimately submitted a commitment letter.
A. Yes.
Q. Which of these four were the four parties that submitted a commitment letter?
A. The four parties referenced by this presentation were

Bank of America, Merrill Lynch, Barclays, Goldman, and CarVal.

Q. Those are the four that are referenced in the --

A. Yes.

Pg: 77 Ln: 3 - 15

Designation:

Q. And just to confirm my notes, the four that delivered commitments at your request and that will be reflected on an update to Doak 5 were Bank of America, Merrill Lynch, BANL, right?

A. Yes.

Q. Barclays, Goldman Sachs, and CarVal?

A. CarVal, yeah.

Q. What is CarVal?

A. CarVal is a multi-billion dollar institutional investor, effectively a hedge fund from Minneapolis that is loosely affiliated with Cargill and they had a group of investors that came together to offer the City this particular proposal.

Pg: 77 Ln: 16 - Pg: 78 Ln: 7

Designation:

Q. If you could grab Doak 2.

A. And to clarify on the record, yes, there is a further

version of Doak 5 and we are -- you know, we are getting that.
Q. Okay.
A. And I'm back to Doak 2.
Q. Let's turn to page 2 of the term sheet, which is Bates number 16685, and I'm looking at collateral. Now, as I understand, the collateral that was proposed to prospective lenders it was somewhat different for the swap termination loan and the quality of life loan. If I understand this, the swap termination loan would be secured by a first lien on income tax revenues of the City, and a pari-passu lien with the quality of life loan first on what's called the asset proceeds collateral, correct? And then the -- can you answer?
A. Yes. Yes.

Pg: 78 Ln: 14 - Pg: 80 Ln: 8

Designation:

Q. Quality of life loan has a first lien on the wage and tax revenues, the casino revenues?
A. Yes.
Q. A second lien on the income tax revenues behind the swap note --
A. Yes.
Q. -- right?
And then the shared first lien with the

swap note on the asset proceeds collateral, correct?
A. Yes, that's correct.
Q. The swap termination loan has -- under your proposal, had no lien on the wage and tax revenues; is that correct?
A. That's correct.
Q. Okay. Now, if I read the Barclays' commitment and proposed definitive loan documentation correctly, this is precisely the collateral structure that is contemplated for the DIP; is that correct?
A. Yes. The -- Barclays' collateral structure largely materially accepts what was in the indicative term sheet.
Q. When you say materially, are their differences that you're aware of?
A. Well, there may be more details and legalese, but basically it's the same --
Q. All right. So the economic --
A. -- structure.
Q. -- terms are the same, although the words may be different?
A. Actually, there's modest changes on the economics. For instance, in one point where one of the loans is paid off, the amount that can be drawn from income tax goes to 8.
Q. Under the Barclays' deal?
A. Yeah.

Q. And under your proposal here, the $4 million per month that was applied to this swap termination loan would simply move over to the -- well, it doesn't matter. We'll get to the precise Barclays' deal in a minute.
But in any event, I'm correct that the proposal that went from the City to prospective lenders contemplated the collateral including income tax revenue, asset proceeds, and the casino revenues, correct?
A. Yes.

Pg: 80 Ln: 9 - Pg: 84 Ln: 15

Designation:

Q. And if I understand it, the asset proceeds collateral constitutes any proceeds from the sale or series of sales of City assets that exceeds $10 million; is that correct? And I'm looking at what's called mandatory prepayments on page 2 of the term sheet.
A. Yes. This is the -- this is the provision that you're referring to on page 2 of the term sheet is the provision that we provided to the lenders.
Q. Right. Okay. Wouldn't you agree with me that if a borrower goes out to lenders and proposes to give collateral, it's unlikely that prospective lenders would say, no, thanks, I'll lend you the money without collateral?

81:

A. It would be unlikely that a potential lender would remove or -- you know, remove protections from their proposal that were at -- that we went out to with -- in the initial form.

Q. So why did you concede that this loan would have to be collateralized right out of the box rather than first seeking either unsecured credit or credit with less collateral?

A. We went to market with this proposed term sheet recognizing we had a limited amount of time to educate an extremely knowledgeable and sophisticated investment community on a financing that they would be considering in the midst of many other competing investment opportunities. This investor community would also be very familiar with market and -- market terms and conventional and customary provisions associated with post-petition financing, and given the fact that we had a limited amount of time and we were operating in a very competitive environment and also one that was -- one in which there was substantial litigation from stakeholders, we recognized that the financing -- we believed that the financing would most likely have to have these particular provisions in order to receive solic -- receive indications back from parties.

Q. Is another way of saying that that you assumed that you would need a collateral package of this type to

generate interest?

A. Based on the -- a -- I don't know how you want to talk

82: about or how you consider the term assumed because we came to these -- we came to the conclusion that the package would require these provisions based on a variety of factors including the ones I've already specified and including, you know, preliminary dialogue with -- with would-be financing parties.

Q. So did you seek unsecured financing for the City for the DIP at all?

A. We should discuss what you think about the concept of seek, but we did not produce a solicitation document that asked parties to return bids for unsecured financing.

Q. Did you pick up the phone and call anybody and ask what their interest would be in providing unsecured financing to the City?

A. Yes.

Q. Who?

A. The topic of conversation came up in a number of conversations with -- with potential parties.

Q. All right. Let's parse that. Who was asked if they would provide unsecured financing to the City for this facility?

A. I can recall it coming up in a -- the best of my recollection, a conversation with CarVal, and I believe it came up in some of Mr. Buckfire's

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83: conversations with -- with other potential lenders.

Q. Do you know which ones?

A. No.

Q. The conversation with CarVal, you had that?

A. Yeah.

Q. Did you have it before or after the solicitation package went out?

A. Before.

Q. And when was the conversation?

A. I don't recall the particular date.

Q. What was the --

A. It would be in -- it would be in August.

Q. And what was the substance?

A. Substance of the conversation would be them dialoguing with us about how they think -- thought a deal could get done and a -- a question from -- from me, you know, broadly as to whether the financing could be done without these particular provisions and -- and an indication on their part that they didn't see it happening.

Q. All right. Let's push that a little bit. This conversation with CarVal, was it -- were you asking for their views of the market generally or were you asking for their views about what would be of interest to them specifically?

84: A. They were presenting their thoughts on the market and how they were thinking about structuring the

financing.

Q. All right. Who called whom?

A. Most of the conversations with the CarVal representative. I -- the CarVal representative was calling me and checking on the status of the process.

Q. And you said to him would you be interested in making a loan to us on an unsecured basis. Did you ask that question?

A. No, I did not.

Q. So what you're saying, if I understand you correctly, is you would be -- the conversations that CarVal had with you took as a presumption that there would be collateral?

Pg: 84 Ln: 18 - Pg: 85 Ln: 10

Designation:

84:18 THE WITNESS: Well, I think CarVal certainly presumed there would be -- there would be a security interest.

BY MR. MARRIOTT:

Q. Okay. Did you personally ask any prospective lender if they would make an unsecured loan, make the DIP loan to Detroit on an unsecured basis?

A. Aside from the conversation we just discussed, no.

85: 1 Q. And I understood -- at least I thought I understood your answer with respect to CarVal that you didn't

specifically ask them?

A. That's correct.

Q. Do you know if Mr. Buckfire in his conversations with potential lenders specifically asked any of them if they would be willing to make an unsecured -- make the DIP facility available to the City on an unsecured basis?

A. I don't know.

Pg: 85 Ln: 11 - Pg: 86 Ln: 11

Designation:

Q. When constructing the collateral package for the DIP facility that the City incorporated into its solicitation package, did you consider the effect that that collateral package might have on recoveries for unsecured creditors in the case?

A. We -- we considered the over -- the implications of getting the overall financing accomplished.

Q. Okay. Tell me -- tell me what you considered.

A. We considered the importance of the City having adequate liquidity throughout the restructuring case so that we could continue to maintain operations. We considered the importance of initiating the operational initiatives and spending that were targeted in the revised Conway McKenzie documentation. We considered the importance of resolving the ongoing

86: default condition with the swap counterparties, and we considered the savings -- effective savings available to the City associated with paying the optional termination and resolving the swaps and what that would provide the City in regards to its liquidity and overall ability to operate and at some point in the future, you know, return value to the creditors.
Q. Let me come at that from two different angles. Did you have projections that reflected that creditor -- that amounts available for distribution to creditors would be enhanced if the DIP facility was borrowed?

Pg: 86 Ln: 14 - 15

Designation:

86: THE WITNESS: We did not have comparative projections.

Pg: 86 Ln: 17 - Pg: 87 Ln: 14

Designation:

86: Q. So you didn't know whether, in fact, the DIP loan would enhance creditor recoveries; is that correct?
A. No, that's not correct.
Q. Well, how would you have known it without projections that demonstrated?
A. The City's projections are based on a number of

assumptions, including its ability to restore basic municipal services from a present status quo position of service insolvency, and in doing that, produce the revenues and costs that the City currently incorporates into its forecasts. So it is important for the City to engage in those operational initiatives and reorganization initiatives in order to stabilize the operations of the City, improve the operations of the City to an acceptable level that will eventually allow the City to return value to its creditors.

If the City doesn't have the DIP or the post-petition financing, we do not ask -- we do not forecast having sufficient liquidity to proceed forward with the operating initiatives at this time and it's a -- it's my belief that that will be detrimental to the recovery of creditors.

Pg: 87 Ln: 25 - Pg: 90 Ln: 5

Designation:

Q. All right. Let me ask the question differently. What's the importance of doing a DIP now versus borrowing the same amount of money in connection with a plan of adjustment and an exit from the case?

A. There is a pressing, immediate need both to resolve our default with the swap counterparties and to

immediately improve the state of municipal services in the City of Detroit. The City is under-policed, under-lit, and under-protected today and people are leaving the City and revenue opportunities are being lost today. The longer the City waits, the longer those opportunities, those revenues are lost, the more expensive the deferred maintenance becomes and the greater risk is incurred by the City and all its stakeholders in regards to the City's ability to stabilize and revitalize itself.

Q. What's the balance of the general fund today?

A. The balance of the general fund today, or the end of -- I thought it was the end of October, based on my conversation with ENY was approximately $100 million in the account.

Q. And you -- but you don't know what it was as of November 30th?

A. I thought -- that was the best of my recollection that it might be the $100 million figure.

Q. As of November 30?

89: A. I --

Q. The number you remember is 100 million. You're not --

A. Yeah.

Q. -- real sure when it's from?

Are there projections that show when the City runs out of money, if it relies solely on the general fund and no supplemental financing?

A. There have been, yes.

Q. Well, when you say there have been, are there any current such projections?

A. There was a -- there was a cash flow put together for the benefit of a dialogue with the stakeholder that showed a general -- where the City continued to operate on the general fund and at the same time made the spending associated with the operational restructuring initiatives and that particular forecast showed the general fund at a negative cash balance in -- beginning in April or May of 2014.

Q. Okay. And has an analysis been done which adds 120 million to the general fund and project how much further the general fund would maintain a positive balance?

A. Well, that -- yes. That would actually just be the liquidity forecast associated with the DIP financing effectively, right? Because that forecast assumes the DIP financing occurs. In that forecast, additional amount, roughly 120 million, the balance of the post-petition financing is added to the general fund and -- and then we run out the City's prospective liquidity.

Pg: 90 Ln: 10 - 17

Designation:

Objectors' Designations From December 5, 2013 Deposition of James Doak

Q. Mr. Doak, just let me know when you get a chance to look at Doak 6.
A. Okay.
Q. Is Doak 6 the liquidity analysis that was contemplated by the package sent to the prospective lenders and that was eventually sent to them?
A. Yes, it appears to be that forecast that you referenced.

Pg: 91 Ln: 2 - 15

Designation:

Q. Do you understand creditor proposal in that context to be the June 14th proposal for the quality emergency manager?
A. Yes.
Q. Top line of the spreadsheet there refers to funds available for unsecured claims per creditor proposal. Do you see that?
A. Yes.
Q. What do you understand the numbers under fiscal year 2014 through fiscal year 2017 for that line item to reflect?
A. That reflects a residual balance of liquidity in each one of those years coming from the forecast that was in the creditor proposal.

Objectors' Designations From December 5, 2013 Deposition of James Doak

Pg: 91 Ln: 16 - Pg: 92 Ln: 14

Designation:

Q. Okay. And my understanding is that forecast did not include any sort of DIP financing, correct?
A. That's correct. That forecast did not include a Chapter 9 filing.
Q. No. I understand that. All right. Let me ask it a different way. Did that forecast contemplate financing of any kind?
A. It did not contemplate any further financing, right. It has the financing existing at the time in the form of the BSA-backed bonds and parking bonds.
Q. Right. But it didn't contemplate any incremental finance?
A. That's correct.
Q. Okay. Then, if you would look further down at the line that says net cash flow per DIP financing scenario. Do you see that?
A. Yes.
Q. What is your understanding of what those numbers reflect?
A. That reflects the net cash flow for each one of the years after taking into account the -- the various changes in the forecast associated with the passage of time, the Chapter 9 filing, and the assumed DIP financing terms.

Objectors' Designations From
December 5, 2013 Deposition of James Doak

Pg: 94 Ln: 1 - Pg: 95 Ln: 1

Designation:

94: Q. I'm looking at the top line that says $31.9 million available for unsecured claims in fiscal year 2015. Do you see that?

A. Yes.

Q. How is that a flow and not a balance?

A. That is a -- that is the cash flow, positive cash flow that occurs in the forecast in that particular year.

Q. Okay.

A. It's a -- it is a residual -- it is a residual for that year.

Q. All right. And if I understand --

A. But there's a flow amount. It's like something you would see in an income statement or a statement of cash flows.

Q. No, I understand that, but the creditor proposal, as I understand it, contemplates making distributions to creditors from positive cash flow, correct?

A. I -- the proposal to creditors, it is -- has many different facets in regards to what it's paying or what is available for the various unsecured creditors.

Q. No, I understand that. But funds available for unsecured claims, what does it mean if it doesn't mean money that could be distributed to unsecured creditors

under the creditor proposal?

A. It does mean cash flows in the given period that would be available for distribution to creditors.

Pg: 100 Ln: 1 - Pg: 101 Ln: 7

Designation:

100: 1 Q. All right. Let's talk a little bit about these two forecasts. We have the forecast that begins on the third page of this exhibit, which reflects net -- cash net of distributions is positive all the way through the forecasting, correct?

The cash flow that begins on page -- if I am reading it correctly, reflects positive fund balance. It looks like the forecast -- throughout the forecast period.

A. Yes.

Q. Correct?

A. Uh-huh.

Q. Okay.

A. That's correct.

Q. Then we get to Appendix A, which is reinvestment adjustments summary. How does the readjustments summary relate to the first cash flow forecast that you just discussed? Is it built into it or is it -- is Appendix A layering on the expenses associated with reinvestment? Do you understand my question?

A. Yes. It is built into it.
Q. So that the cash flow on pages 4 and 5 incorporate the reinvestment expenses reflected on pages 7 through 9?
A. Yeah, 3, 4, 5 --
Q. Right --
101: A. -- incorporate 7, 8, 9.
Q. Okay. What 7, 8, and 9 do is simply reflect on a standalone basis the impact on cash flows of reinvestment and then you take that impact, roll it into the other components of generation of the cash flow, and you get what's on 4, 5, and 6?
A. Yes.

Pg: 101 Ln: 11

Designation:

101:11 MR. MARRIOTT: I do mean 3, 4, and 5.

Pg: 101 Ln: 14 - Pg: 102 Ln: 6

Designation:

101:14 Q. If you turn back to the first page -- or the second page. I'm sorry. Page 2 of Doak 6. Okay. We have memo 2 at the bottom, DIP financing related activity. Do you see that?
A. That's correct.
Q. And there are certain assumptions built into this

financing related activity, including interest rate
and the amount of the swap settlement. Do you see
that?
A. Yes.
Q. All right. And the interest rate assumed for this
purpose was 5 percent. Let me just first ask you why
102: 5 percent?
A. The 5 percent was a product of a number of
conversations and we -- coming to the conclusion that
using an indicative rate of 5 percent would be the
least prejudicial interest rate to use in our model in
presenting it to would-be investors.

Pg: 102 Ln: 7 - Pg: 103 Ln: 6

Designation:

102: Q. So if I understand your answer, it's a little bit like
going out with collateral and expecting lenders to
come back saying we don't need it. You were concerned
about going out with a number that was credible, but
which didn't invite high interest rate proposals on
the way back in; is that what you mean by prejudicial?
A. No. I think you're close, but I -- first, I think
it's very different when soliciting lenders and
thinking about terms of collateral and protection
versus terms of interest rate. So I -- I don't feel
comfortable suggesting that there's, you know, a

strong amount of similarity between the two.
What I indicated, said again but maybe slightly differently, is that placing 5 percent in this model seemed to approximate a good starting point and also the rounded number would indicate to parties both that they may have to flex up or -- they may flex up in what they were asking for or the pricing may be actually lower than 5 percent.
Q. All right. I guess the word that got me thinking along the lines I expressed was prejudicial in your answer. What did you mean when you say it was a number that -- and I believe the formulation you said was something along the lines of least prejudicial?
A. Least likely to influence the feedback.

Pg: 105 Ln: 16 - Pg: 106 Ln: 12

Designation:

Q. Mr. Doak, if you would take Doak 5 back and turn to the page starting Bates stamp 20226 and this, I gather, is what we were talking about and searching for earlier, which is the comparison of the actual commitment letters received, correct?
A. Yes.
Q. Were there further negotiations with any of these four parties after receipt of the commitment letter?
A. Yes.

Q. Which of the four were there further negotiations with?

A. Barclays, CarVal, Bank America, Merrill Lynch, and there was a further conversation with Goldman Sachs. So we remained in -- we had further conversations with all four parties.

Q. Okay. And did any of them, following those conversations, amend the terms of their commitments?

A. Yes.

Q. Okay. Were those amendments informal or were they -- were they accompanied by a revised commitment letter?

A. They were accompanied by revised drafts of their commitment documentation.

Pg: 106 Ln: 21 - Pg: 108 Ln: 2

Designation:

BY MR. MARRIOTT:

Q. Looking at this chart, starting on Bates 20227 and starting with Barclays, can you tell me which of the terms reflected on this exhibit were changed and to what they were changed?

A. First, to begin to answer the question, it's important to note that this document was created on the 3rd.

Q. Okay.

A. So the first final drafts of the commitment letters that we received from these parties was before the 3rd

and this document incorporates negotiations in progress.

Q. Okay. So -- all right. Were there changes to the proposed terms after generation of this document?

A. Yes.

Q. Okay. Can you tell me, starting with Barclays, what the changes were to the proposed terms after generation of this document?

A. What I can do to my -- the best of my ability is tell you the -- my recollection of which terms here changed.

Q. That's perfectly fine.

A. Because all of the terms that are here didn't -- terms that are not here, finer legal points may have continued to be negotiated and changed and the like.

Q. I understand. But I'm assuming that these terms were listed because those were the ones that at least from an economic basis were considered the most significant. So why don't you tell me --

A. They're ones that at the time Miller Buckfire felt

108: 1 that it was material to point out to the economic decision makers.

Pg: 108 Ln: 9 - Pg: 112 Ln: 15

Designation:

108: 9 Q. Yes?

A. -- which is the 20228, the minimum revenue levels were negotiated.

The --

Q. I am not seeing this. Hold on.

A. I'm on 20228.

Q. Right.

A. Barclays' column, top row, selected covenants, first bullet, minimum wage and income tax levels to be agreed upon.

Q. And they were ultimately agreed upon, correct?

A. Yes.

Q. And my recollection is it's $30 million a month for each?

A. No. Every three months.

Q. Every 90 days.

A. It's a rolling covenant.

109:

Q. Okay.

A. We also further negotiated the second bullet point, which is the provision associated with the cessation of control of the City by an emergency manager.

Q. Okay.

A. Or in this case an emergency manger, which may be appropriate for the holiday season, but that period was lengthened and several other potential acceptable governance conditions were added.

Under collateral, the terms were further amended to provide -- provide for a condition where

the -- let's see -- where the swap termination loan was paid off and the quality of life loan wasn't, although that's extremely unlikely, and in that condition -- nope. Sorry. It's the reverse.

In a situation where the quality of life loan has been retired and so there is no longer a 4 million a month pull on wage earning taxes, then the swap termination loan can go up to 8 a month on income tax.

Q. Okay.

A. On the mandatory prepayments, further terms and details were negotiated in regards to how to think about asset sale proceeds, in regards to how to think about aggregation of sales. I do not recall any further adjustments from these particular terms, not to suggest that there -- that there weren't.

Q. Okay. Any changes to the CarVal terms?

A. I do -- I do not recall with sufficient clarity the various changes that were being suggested in regards to the CarVal facility.

Q. Okay. Bank of America, Merrill Lynch.

A. Given the timing of this particular presentation, there were no -- there were no further revisions to the Bank of America, Merrill Lynch, or Goldman Sachs terms because we had terminated our negotiations or suspended our negotiations with these parties.

Q. Okay. So it's fair to say that the last two horses in

the race were Barclays and CarVal?
A. That's correct.
Q. Okay. And what were the factors that led to the selection of Barclays over CarVal?
A. There were a number of factors that led to the selection of Barclays over the CarVal group, including pricing, institutional reputation, commitment by a single institution versus a syndicate, and also, acceptable negotiated provisions on other elements of the financing including required opinions, terms of -- potential terms of the court order, and other provisions.
111: Q. Okay. Just looking at the CarVal column starting on 20227, which is the first substantive page, it shows a six-month delay draw on the quality of life loan. Am I reading that correctly, that the draw on that loan would not be a closing but a six-month post-loan closing?
A. At the option of the City, there was a delay draw option that was a component of the carveout proposal.
Q. And I see that there was an unused fee that was half of regular rates. So this was a cost saving feature of the CarVal facility?
A. This -- yeah. This was a -- this was an expense reducing provision of the CarVal facility.
Q. Did the City consider that to be an attractive feature of the CarVal offer?

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A. Yes.
Q. One of the other CarVal options is for an exit facility. Do you see that?
A. Yes.
Q. Would that have been a committed exit facility? I mean, were the terms in place?
A. Yes.
Q. Okay. Was there a cost associated with exercising the option?
A. There would have been.
Q. Do you know what it was?
A. I'd have to refer to the CarVal documentation.
Q. Okay. Do you know the -- the length of the exit facility?
A. I'd have to refer to the documentation. I could be -- it could be a five to seven-year.
Q. Okay. So just --
A. Sorry. Yeah. I mean, the -- we should just look at that document if we want to figure out what the pricing is, but the -- it was similar to the pricing. It was not -- it was not a cheap option.
Q. The pricing for the exit facility was similar to the pricing for the debt?
A. No. The pricing was -- the pricing provision was complex.

Pg: 112 Ln: 18 - Pg: 113 Ln: 5

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Designation:

112:18 Going back to Doak 2, I asked you a question about the extent to which consideration was given to the effect on distributions to creditors arising from the DIP and its structure and we got onto a discussion at that point about cash flow impact. Was consideration given to the effect on distributions to creditors and the potential terms of a plan of adjustment by granting a lien on asset proceeds, collateral, in excess of $10 million?

A. I'd have to say yes, in that the DIP financing, per the terms herein, the post-petition financing would have a priority interest in the net proceeds from asset monetizations.

Pg: 113 Ln: 6 - 9

Designation:

113: 6 Q. Well, was there any concern that putting $350 million ahead of unsecured creditors on the value of the City's assets would make those assets a significantly less attractive feature of any plan of adjustment?

Pg: 114 Ln: 3 - 9

Designation:

THE WITNESS: We were -- at the time, we were focused on the $280 million swap termination liability that the City was potentially facing immediately and the impact that that would have on the City's overall ability to operate, as well as our ability to engage in any sort of activities to improve the operations and revitalization of the City.

Pg: 114 Ln: 25 - Pg: 115 Ln: 3

Designation:

A. The City has a current Mark-to-Market swap liability of $277 million as of the end of November. The City is currently under default on that swap derivative and we are in bankruptcy court. The derivatives have

Pg: 115 Ln: 25 - Pg: 116 Ln: 18

Designation:

Q. Have the swap kind of parties threatened to terminate?

A. I don't know.

Q. Are you aware that Syncora and FGIC have taken a position that they cannot terminate without the consent of Syncora and FGIC?

A. I am not aware of the -- every detail of the swap assumption litigation, however, the City's ongoing concern in regards to this matter has been that no

matter who's right or wrong or whose cash the court eventually decides the gaming revenues would be, there is a possibility that in the interim, the revenues would not be available to the City and available to nobody, and in that environment, you'd have the strong probability of a liquidity crisis at the City. That has been our historic concern.

Q. But I am correct, am I not, that the only collateral claimed by the swap counterparties are the wage tax earning revenues, right?

A. That's correct.

Pg: 117 Ln: 5 - 10

Designation:

117: 5 Q. Mr. Doak, do you recognize what we've marked as Doak 7?

A. Yes, I do.

Q. Okay. Am I correct that this is the bond purchase agreement proposed to be executed between the City and Barclays with respect to the swap termination bond?

Pg: 117 Ln: 19 - Pg: 118 Ln: 3

Designation:

117:19 MR. MARRIOTT: I'm not trying to trick the witness and they're both stapled together. They're

both here. Let's start by separating them. Split them up.

And swap termination is Doak 7, and why don't we mark the bond purchase agreement for the quality of life loan as Doak 8.

118: 1 MARKED BY THE REPORTER:
DEPOSITION EXHIBIT 8
3:04 p.m.

Pg: 118 Ln: 4 - 21

Designation:

118: 4 BY MR. MARRIOTT:

Q. Back on now that we, thanks to Mr. Hamilton, figured out what we now have. We now have Doak 7 and Doak 8. And am I correct that Doak 7 is the proposed bond purchase agreement for the swap termination bond?

A. I believe so.

Q. Okay. And am I correct that Doak 8 is the proposed bond purchase agreement for the quality of life bond?

A. I believe it is.

Q. Okay. And I know that we've gone back and forth about what the total termination amount will be and it will be something different or may be something different at -- if the loan closes at closing, correct?

A. The payment -- yes.

Q. Okay.

A. The amount will be calculated at close.
Q. Right.
A. At or around close.

Pg: 119 Ln: 1 - 10

Designation:

119:
Q. I'm sorry. Let me ask that again. The bond for the swap termination will be in whatever amount is necessary to satisfy the then obligation of the City swap counterparty under the governing agreements, including the forbearance agreement; is that correct?
A. I think that's accurate, yes.
Q. And then the quality of life note will be in an amount calculated to simply be the difference between the bond, the swap termination bond and $350 million?
A. Yes.

Pg: 120 Ln: 3 - 8

Designation:

120:
Q. Then I'll simply say, if for whatever reason the City does not pay to the swap counterparties, the contemplated termination payment, is the amount that was otherwise intended for that purpose available to the City for any other purpose?
A. I don't believe so.

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Pg: 121 Ln: 16 - Pg: 123 Ln: 7

Designation:

121:16 Q. Mr. Doak, sorry to have so much paper in front of you, but let me ask the question again and you can refer to whatever you need to to answer. If, for whatever reason, the City determines it is not going to make a payment to the swap counterparties, are the loan proceeds otherwise intended for that purpose under the Barclays' credit available to the City for another purpose?

A. No.

Q. How would the amount of the quality of life note be

122: termed in the context of -- well, let me ask the question differently. Would the City, as you understand it, still be able to borrow the amounts contemplated by the quality of life note?

A. No.

Q. So your understanding of the arrangement is borrowing any of this money is conditioned upon the City making the payment to the swap counterparties?

A. Yes.

Q. Is there a provision in particular that you are looking at in one of these exhibits that leads you to that conclusion?

A. Yes. The -- the provisions, and there may certainly

be others that could be referenced that I've -- that I've turned to in these exhibits, include in Doak 11, a page that is marked page 142 of 264, conditions precedent, and that provision -- so this is the terms of the swap termination note at the bottom of this paragraph, termination in whole of certain existing swap transactions previously entered into between the various -- between Detroit Police and Fire, et cetera, et cetera.

In addition, in Doak 8, I went to page 178 of 264 and went to closing -- condition to close provision i, which is evidence of termination and whole of all existing swap transactions, onward and so forth.

A similar provision is included in Doak 7. One can find it at page 156 of 264. Once again, it is a condition to close provision i, evidence in termination in whole of all existing swap transactions.

Pg: 123 Ln: 14 - Pg: 125 Ln: 1

Designation:

123:14 Q. Now, if I -- let me just make a statement and see if you agree with me. Other than use of proceeds and the specific collateral and ultimately the amount, are the terms of the bond purchase agreements for the swap

termination note and the quality of life note otherwise substantially identical?

A. For the most part, the documents are very similar. There is a potential for the quality of life note or bond to be a -- a tax exempt issuance.

Q. Okay. On a sort of a to-be-determined basis?

A. I believe it most likely will be tax exempt. There are some options and decisions that we will make -- have to make subsequently in regards to whether any refinancing of the quality of life will be tax exempt.

Q. Okay. And in terms of use of proceeds, we know that the swap termination note is intended for making a payment to the swap counterparties. Am I correct in understanding that the documents provide that the proceeds of the quality of life note can be used by the City for any lawful purpose?

A. I don't believe there is a -- there are any restrictions in regards to the use of proceeds in the bond purchase agreement for the quality of life loan.

Q. Okay. In terms of the interest rate on both notes, my understanding is that what I'll call base case is LIBOR plus 2.5 percent, with a LIBOR floor of 1, correct?

A. That's the -- that's the pricing, the documentation.

Q. And I believe I'm -- it's also the case that both of those numbers, the LIBOR floor and the spread over LIBOR, are subject to something called market flex,

correct?
A. That's correct.
Q. And -- and I'm sorry to do this to you. That agreement regarding market flex is contained in a separate document, which is a fee agreement with Barclays; is that correct?
125: 1 A. A fee letter, yes.

Pg: 125 Ln: 8 - Pg: 128 Ln: 4

Designation:

125: 8 Q. Mr. Doak, is what's been marked as Doak 12 the fee letter?
A. Yeah. I have two copies.
Q. Here. I'll take one. Okay. And the market flex provision is section 3 on page 2, right?
A. Yes.
Q. And first, to talk about the parameters of market flex, as I understand the fee letter, the LIBOR floor can flex up to an additional 1 percent to 2 percent and the spread over LIBOR can flex from 2 percent -- 2 and 1/2 percent up to an additional to 2 percent to 4.5 percent, correct?
A. That's correct.
Q. So that the interest rate on the DIP facility, depending upon as and to the extent the market flex is triggered, and we'll talk about that in a minute,

could go as high as 6.5 percent, correct?

A. That's correct.

126: Q. Now, I'm going to give you my understanding of market flex and then you can tell me whether I've got this right. The purpose of market flex is to provide to, in this instance, Barclays, the ability, if necessary, to sell down on a syndicated basis pieces of this loan. It gives them the ability to increase the interest rate to make it attractive to buyers in the event that 3 and 1/2 percent is not sufficiently attractive; is that correct?

A. You predicated the whole concept on -- the whole question on the concept of purpose, which I think is -- you may want to rephrase it all because effectively the remain -- the remainder of your point explain -- basically covered the mechanics adequately. Purpose for who?

Q. As I understand the fee letter, Barclays has what's defined to be a successful syndication target, correct?

A. Yes.

Q. And that successful syndication target is that they hold no more than half of the $350 million?

A. That's correct.

Q. Okay. Market flex, if necessary, to allow them to reach their successful syndication target allows them to reset the interest rate on the loan within the

Objectors' Designations From December 5, 2013 Deposition of James Doak

127:

market flex parameters that we just discussed, correct?

A. That's correct.

Q. Now, I want to run a couple hypotheticals by you. If Barclays discovers that there are no interested takers at less than 5 percent, so that the interest rate on the loan is reset to 5 percent, does the -- that portion of the loan retained by Barclays and not syndicated also reset to 5 percent?

A. Yes.

Q. And the fact that they've received a 1.25 percent commitment fee, they're, nevertheless, entitled to the market flex interest, right? In other words, the commitment fee was not -- no purpose -- there was no purpose in the commitment fee to covering their interest rate risk so that they would have to stay at 3.5 percent?

A. Their commitment fee is based on the terms of the commitment, right. So they have not -- they have not committed to hell or high water finance half of the deal at 3.5 percent.

Q. Now, the commitment fee is due regardless of whether or not this deal ever closes, right?

A. That's correct.

Q. And you've already paid them half, correct?

128:

A. Yes.

Q. Is that typical for a commitment fee to be fully

earned in the debtor-in-possession context prior to
the loan being approved?

Pg: 128 Ln: 9 - Pg: 129 Ln: 20

Designation:

128: Q. Is it typical with a DIP loan that the commitment fee
would be fully earned prior to the court approval of
the facility?
A. I don't know about fully earned.
Q. I mean, have you -- have you personally sourced DIP
financing in other contexts, obviously not in Chapter
9, in which the commitment fee was fully earned prior
to obtaining bankruptcy court approval for the loan?
A. I don't know about the concept of fully earned.
Q. Well, by fully earned, I mean payable -- I mean, as I
understand the commitment fee provision in the fee, if
the bankruptcy court decides that if the City is --
decides not to approve the DIP, as I read the fee
letter, you still owe them 1.25 percent.
A. That's correct.
Q. Is that -- that's what I mean by fully earned, fully
earned regardless of whether or not the court ever
129: approves the transaction. So my question is is that
typical in the context of debtor-in-possession
financing, that the commitment fee will be fully
earned prior to obtaining court approval?

A. In Chapter 11 proceedings, the debtor's ability to pay a commitment fee in my experience is limited by its need to obtain court approval. As to whether the fee is earned, I -- I don't know exactly how the parties would structure the concept of what would be earned. To the extent something can't be earned until the debtor's signature is on it and the debtor's signature can't be on it until the judge says the debtor's signature could be on it, then I think that that would be correct.
Q. All right. So --
A. But if --
Q. You would agree with me that in the typical Chapter 11 context, a condition to a lender's entitlement to payment of the commitment fee is that the court approves it?

Pg: 130 Ln: 13 - 17

Designation:

130:13 THE WITNESS: I'm trying to recall what would happen in a scenario where a commitment fee for a debtor-in-possession loan was paid pre-petition, and in that context, I think you could have something earned and paid.

Pg: 131 Ln: 9 - Pg: 133 Ln: 14

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Designation:

131: BY MR. MARRIOTT:

Q. Why does the fee letter not make court approval of the transaction contemplated with Barclays a condition for payment of the commitment?

A. It's a negotiated term of the financing.

Q. Were there proposals made that did not require the commitment fee to be paid unless the court approved the transaction?

A. You must be -- you have to be more specific.

Q. Well, I guess, did -- I mean, obviously Barclays wanted you to agree to pay the commitment fee regardless of whether the transaction was ever approved, correct?

A. Yes.

Q. Was that true of all of the proposals made?

A. All of what proposals made?

Q. Let's start with the four commitments you received.

132: A. Okay. Thank you.

Q. Did all four commitments --

A. So now we're going to all of the proposals, so --

Q. Did all four commitments require the fee to be paid in the absence -- whether or not court approval for the transaction was obtained?

A. No.

Q. Which ones, in addition to Barclays', required the

commitment to be paid regardless -- the commitment fee to be paid regardless of court approval?

A. The -- I mean, which of the final four?

Q. Yes.

A. Okay. Thank you. The Goldman commitment had a fee and the Bank of America had a fee.

Q. And in addition to having those fees, did they -- did the commitment letters require that they be paid regardless of whether the transaction was ever approved by the court?

A. To the best of my recollection, they did require a payment whether or not the transaction was approved.

Q. Okay. Let's go back to market flex. Well, let me ask you this: Did -- I take it that since three of the four did and the only one you didn't name was CarVal, CarVal did not have a requirement that a fee be paid regardless of whether the transaction was approved by the court?

A. CarVal would have required that the City reimburse it for expenses if the transaction was not approved.

Q. Okay. But --

A. But they did not have a commitment fee that was required immediately upon signing the commitment. However, they had other fees if the City took other directions and they took their effective commitment fee in the form of OID should their loan have proceeded ahead.

Q. Right. But you don't earn original discount -- issue discount unless you've actually closed the deal, right?
A. That's correct.

Pg: 133 Ln: 15 - 21

Designation:

133:15 Q. All right. Back to market flex. So the first question I asked you was -- before we leave the fee, the commitment fee, did the City ask Barclays to take out the requirement that the commitment fee be paid regardless of whether or not the court approved the transaction?
A. I don't recall us asking Barclays that.

Pg: 133 Ln: 22 - Pg: 137 Ln: 1

Designation:

133:22 Q. All right. Market flex. We talked about what would happen if Barclays found interest in the -- found others willing to purchase a portion of the facility but only at, for purposes of example, 5 percent, and I
134: 1 asked you whether that would boost Barclays1 return on its retained portion to 5 percent and you said, yes, correct?
A. That's correct.

Q. Looking, again, at section 3, it indicates that, I think, in the event that at any price Barclays is unsuccessful in achieving a successful syndication, that the interest rate on the DIP financing will go to 6.5 percent. Am I reading that correctly? I'm looking at two little i's. There's an awful lot of little I's in this, but the two little I's at the bottom of the first full paragraph of section 3.

A. I believe that's accurate, yes.

Q. Okay. Does that not concern you about whether Barclays is properly incentivized to try to sell down the loan when they can hold it for 90 days and the interest rate will jump to 6.5 percent?

A. This form of market flex provision is common and this particular concept with regards to pricing and holding a portion is one that's encountered in all market flex situations. We will certainly know if we're in that position that it was, true to our understanding, an absolute waste of time to go out with the concept of an uncollateralized facility and we may certainly have that concern more now that everybody was very

135:

effective in publishing what the flex provisions are. However, the City is going to have an ongoing relationship with Barclays as a lender, as many issuers do with their lenders, and Barclays has reputational concerns and sort of a pressure upon it reputationally to achieve the best for its clients

consistent with all market flex situations, and so we recognize that there's some -- there's some balance there.

Q. What does the City plan to do to be sure that Barclays is acting on good faith to achieve a successful syndication?

A. Well, the provisions of the various agreements that the City has prepared with Barclays obligate the City to act in its best interest to cooperate with Barclays as much as possible to facilitate a successful syndication that will most likely involve during that syndication time frame assisting in preparation of marketing documents associated with syndication and perhaps visits to rating agencies. It is also quite typical in these situations for a syndicator to provide and an issuer to receive iterative feedback on the state of the syndication and the demand that the syndicator is receiving in its order book, and it's quite normal for the issuer to monitor closely and

136: press as much as they can the importance of achieving the lowest cost and work the syndicator to see if anything can be done.

Q. So you say all of that's typical of an issuer. Is the City going to do all of that?

A. It is -- I don't -- we -- I think Miller Buckfire, as investment banker to the City, will assist the City to the best of our ability to do all of those things.

Q. Do you know -- know is the wrong word. Do you have a view on the likelihood that Barclays, in this market, will be able to achieve the successful syndication at 3.5 percent?

A. Yes, I have a view.

Q. What is the -- what is that view?

A. My view is that -- Barclays' ability to complete a successful syndication is relatively less likely than in the environment where the market flex was not published.

Q. Do you have a view at this point as to what the likely interest rate would be to achieve successful syndication by Barclays?

A. No.

Q. But you think the 3.5 percent is at risk for, among other reasons, because of disclosure of the fee letter?

137: A. Yes.

Pg: 137 Ln: 2 - Pg: 138 Ln: 3

Designation:

137: Q. Prior to its disclosure generally, was the fee letter disclosed to City Council?

A. I don't believe the fee letter was disclosed to City Council.

Q. In connection with providing information to the City

Council to assist it in its deliberation regarding the DIP financing proposal, was the substance of the market flex provision shared with them?

A. I don't believe the substance of the market flex provision was shared with them. The observation or fact that there was market flex was discussed with them.

Q. But the -- the parameters of that market flex was not shared with them; is that correct?

A. That's correct.

Q. Would you agree with me that pricing with respect to a $350 million loan is an important factor in evaluating that loan?

A. Yes.

Q. Would you agree with me that the pricing of a $350 million loan is important information with respect to attempting to determine whether there is an alternative available or appropriate in connection with the $350 million loan?

138: 1 A. I think one can determine whether there is an alternative with the amount of information that was provided to the council.

Pg: 138 Ln: 25 - Pg: 139 Ln: 20

Designation:

138:25 Q. Well, let me ask you this. When you laid out, for

139: purposes of comparison, the various proposals that were received, one of the line items for that purpose was interest rate, correct?
A. That's correct.
Q. So obviously interest rate is a factor in determining the attractiveness of a particular loan, correct?
A. That's correct.
Q. And on $350 million, the difference between interest at 3 and 1/2 percent and interest at 6 and 1/2 percent is a significant amount of money, is it not?
A. It is -- they're materially -- it's not the same number.
Q. And it's materially different, correct?
A. The amount of -- the amount of interest would be different, yes.
Q. Very different, correct?
A. The amount's different.
Q. Almost twice as much?
A. The amount of interest that would be paid on an annual basis is almost twice as much.

Pg: 141 Ln: 3 - 25

Designation:

141: Q. If you were my investment banker, Mr. Doak, and I came to you with a $350 million facility and -- which had a market flex provision but I didn't disclose to you

what the market flex provision was and I said to you go out and get me a better deal, how would you be able to do that if you didn't know what the market flex provisions were?

A. I think it would be -- wait. We're the guys who got the deal or we're the guys who got to go get the deal?

Q. You're the guys that have to go out and do better than the deal I just handed you, which is for $350 million with a nominal interest of 3.5 percent but a market flex provision that I don't tell you what it is, and I say go get me a better deal. How would you be able to do that?

A. Well, I -- frankly, one would -- one would begin a process by -- by soliciting for proposals, you know, at or better or near the stated proposal.

Q. How would that -- how would you possibly know based only on nominal interest rates whether you had found a better deal or not if there was a market flex provision in there that might kick the rate up almost double, but you don't know about it?

Pg: 142 Ln: 2 - 13

Designation:

142: 2 THE WITNESS: That -- you've -- you changed the question. You're asking how we're going to go beat it and the point of the matter is you have -- we

have sufficient terms to go to the market and look for a proposal that has pricing at or better or around the proposal as it stands. And then, if we find something that is better, well, then we found something that's better. If we found something that's at without flex, then we found something that's at without flex.

If we found something that is near or something that we feel is approximate to near, then we have to engage in a further dialogue.

Pg: 142 Ln: 15 - 20

Designation:

142:15 Q. You're using a very narrow definition of better here, Mr. Doak. I'm not asking you whether you would be able to go out and try to find a proposal that was better than the nominal rate. I'm asking how you would go out and know that you were finding a proposal better than what was likely to be the effective rate.

Pg: 143 Ln: 15 - Pg: 144 Ln: 1

Designation:

143:15 BY MR. MARRIOTT:

Q. How would you know -- so you're presented a proposal for $350 million with a nominal rate of 3 and 1/2 percent and a market flex the terms of which you don't

know. So you don't know what the actual rate of interest on the loan will be. Under those circumstances, how would you know whether you had found something better?

A. Well, you would need to source something proximate and then bring it to the parties that do know and engage in a dialogue as to whether the competing proposal was competitive.

Pg: 145 Ln: 11 - 22

Designation:

145:11 Q. No. I'm asking you for you to know, you to know whether the proposal you have found is better than the proposal you were handed, for you to know that or for anyone to know it, that anyone, be it you or someone else, would have to know what the market flex provisions are, correct?

A. Well, someone has to know them. It doesn't have to be me. It can be -- it could be -- it could be a judge. It could be another decision maker. It could be -- it could be any -- you know, it doesn't necessarily have to be me, a party in interest, or me, the party in interest's banker.

Pg: 145 Ln: 25 - Pg: 146 Ln: 10

Objectors' Designations From
December 5, 2013 Deposition of James Doak

Designation:

Q. Let's take a look at Doak 7, page 152 of 264. I'm looking at 6(h), which is -- and section 6 is representations of the City. Do you see where I am?

A. Yes.

Q. It says all legislation necessary to fulfill the terms and conditions of and carry out the transactions contemplated by this bond purchase agreement and the ST bond documents is in full force and effect. Do you see that?

A. Yes.

Q. Can the City make that representation as of today?

Pg: 146 Ln: 14

Designation:

THE WITNESS: I don't know.

Pg: 146 Ln: 16 - Pg: 148 Ln: 14

Designation:

Q. Do you have an understanding of what governmental action, either by ordinance, regulation, or legislation is necessary for the City to perform its obligations and grant its collateral under the DIP facility?

A. Yes.

Objectors' Designations From
December 5, 2013 Deposition of James Doak

Q. Okay. What's necessary for that to happen?

A. There are a six-page closing checklist full of things that need to occur for the closing of the financing. Two particular ones that I believe need to happen are, one, relevant ordinances need to be put into effect in regards to how the related revenue streams are channelled into the appropriate bank accounts, and another very important thing that needs to occur before closing is an emergency loan board order authorizing the financing.

Q. Do you know the status of the deliberations of the emergency loan board?

A. I know the financing is -- has been put before the emergency loan board. I am not aware of the state of deliberations.

Q. Are you aware of a deadline by which they're required to act?

A. I believe they do have a deadline. I think it may be 60 days from when they're presented with the package.

Q. Okay. And I believe that was November 6th?

A. Yes.

Q. Okay. The relevant ordinances vectoring the revenue streams into particular accounts, are these ordinances that require action by the City Council or is this something the emergency manager is empowered to do on his own?

A. My understanding is that that is an ordinance that the

emergency manager is empowered to do.

Q. Are there any -- is Barclays' requesting any ordinances or legislation with respect to the grant of a lien on the wage earning revenues?

A. I -- I don't recall whether they are requiring any additional ordinances. At this point, no one is requesting any additional legislation as in state legislation.

Q. Is the same -- is your answer the same with respect to the proposed lien on the income tax?

A. Yes.

Q. So as far as you know, other than ordinances, the ordinances regarding revenue streams and the order from the emergency loan board, no other governmental action is required in order for the City to consummate the transactions contemplated by the DIP financing?

Pg: 148 Ln: 18 - 19

Designation:

148:18 THE WITNESS: I believe that statement's accurate.

Pg: 148 Ln: 25 - Pg: 150 Ln: 18

Designation:

148:25 Q. Okay. Speaking of the bank account, as I understand

149:
it, an account will be established for the wage earning tax revenues and an account will be established for the income tax revenues into which those funds will be deposited, correct?
A. Generally correct. I believe we may use a preexisting but currently unutilized account for the gaming tax revenues.
Q. Okay. But there will be dedicated segregated accounts for each revenue stream?
A. Yes. There will be the necessary cash flow provisions and accounts as required under the loan documents.
Q. Okay. And my understanding is, from the loan documents, that Barclays is -- has asked for control agreements over -- with respect to both those accounts; is that correct?
A. I don't know. I -- it would not surprise me.
Q. Okay. And do you know why they would be asking for control of that?
A. Presumably to allow them to pursue their remedies as provided by the documentation of the financing should it ever come to that.
Q. Do the swap counterparties have control agreements in respect to the accounts in which the wage earning revenues are currently being deposited?
A. I don't know.

150:
Q. Now, my understanding is that these loans mature, among other -- among other reasons, they mature upon

effective date of any plan of adjustment; is that correct?
A. Yes.
Q. How do you -- how does the City plan on refinancing the DIP financing at that time?
A. The City has not yet made a determination as to how it will refinance or retire the post-petition facility.
Q. It has an agreement with Barclays, though, doesn't it, regarding sourcing to exit financing?
A. Yes, it does.
Q. And it will owe Barclays a fee if it determines to refinance the DIP financing at exit, other than via Barclays; is that correct?
A. I believe that's an accurate interpretation of a -- the engagement letter.
Q. Okay.

Pg: 150 Ln: 22 - Pg: 152 Ln: 6

Designation:

150:22 BY MR. MARRIOTT:
Q. Okay. Mr. Doak, what's been marked as Doak 13 is the Barclays' engagement letter for exit financing.
A. Was there a question?
151: 1 Q. I just asked am I correct that this exhibit is the agreement between the City and Barclays for exit financing.

A. I believe it is.

Q. Okay. And so you don't have to guess, if you would confirm that a fee is owed to Barclays under this agreement if the City pursues an exit financing strategy that does not include Barclays. If it's any help, look at page 6, subsection 6(c).

A. Yes, but I think you -- why don't you rephrase the question.

Q. Do I correctly interpret 6(c) to entitle Barclays to a fee in the event that the City pursues Ernst & Young on a basis outside of this agreement with Barclays?

A. No. You have to -- you're using the wrong word.

Q. Help me out.

A. You're using pursuing when you should be using closing.

Q. But with the substitute of closing for pursuing, am I accurately understanding what this provision says?

A. If the City closes on an alternative financing, then, at that time, Barclays would be owed a fee equal to 3/4 of a percent of the aggregate outstanding amount of its facility immediately prior to the exit time, which will be made and paid from the proceeds of the
152: alternative financing. So the alternative financing has to close and fund.

Q. And there is no principal amortization of the DIP facility with Barclays, is there?

A. There is no scheduled amortization of the Barclays'

facility in advance of maturity.

Pg: 152 Ln: 7 - Pg: 154 Ln: 8

Designation:

Q. Okay. Now, you indicated in answer to my earlier question that the City does not know what it wants to do regarding alternative -- or exit financing or refinancing of the DIP facility. Why would the City commit itself to Barclays in this fashion? What was the thinking?

A. The -- among other reasons, the City felt that the opportunity to continue its relationship with Barclays beyond the lender/borrower relationship and focus on whatever was next in addition to or having the Barclays at hand to discuss concepts such as the DWSD transaction made incorporating this letter into the overall decision at the moment a prudent one.

Q. Did Barclays make the City's entry into this engagement letter for exit financing a condition of committing to the DIP facility?

A. It was part of their overall proposal.

Q. Does that mean it was a condition?

A. I do not believe they would have an executed a commitment letter unless we were in a position to execute the engagement letter.

Q. The City Council declined to approve the proposed DIP

financing, correct?
A. That's correct.
Q. Give your understanding of the reason behind their refusal to approve it.
A. The council published a resolution with regards to their decision to not approve the financing, which would be the -- the best summarization, I guess, we could refer to. Absent that, we would be speculating as to their mindset.
Q. Other than that resolution, did the City -- City Council have any discussions with the emergency manager or any of his professionals regarding their reasons?
A. I don't know.
Q. Okay. No discussions were had with you; is that correct? Nobody from City Council picked up the phone and called you?
A. Yeah, no one from City Council picked up the phone and called me.
Q. And I just want to go back and briefly cover what communication was had with City Council leading up to the DIP facility. And as I understand it, there were 154: two packages delivered to them, the one -- the October 7th, and the other, the October 17th, correct? Those are Doak --
A. There were two materials prepared by Miller Buckfire.
Q. Right. That's my question. Were any others prepared

by Miller Buckfire?
A. No.
Q. Are you aware of any?

Pg: 154 Ln: 12

Designation:

154:12 THE WITNESS: Yes.

Pg: 154 Ln: 13 - 22

Designation:

154:13 BY MR. MARRIOTT:
Q. Okay. What?
A. Well, there was a package that was formally delivered by the emergency manager's office to the City Council saying here's the financing that we -- you know, that we approved. Please begin your deliberation process under 436.
Q. Okay. You indicated that you had met with all six individual City Council members to discuss the loan or the potential loan with them, correct?

Pg: 155 Ln: 2 - Pg: 156 Ln: 5

Designation:

155: 2 THE WITNESS: There were two Miller

Buckfire presentations. There was the package that was delivered to council to have them begin their deliberation process, and council and council's staff --

BY MR. MARRIOTT:

Q. If I could just ask you, when you say there was a package delivered to them to begin the deliberation process, was that Doak 3 or Doak 4 you're referring to?

A. That's Doak none of the above. That's the official package.

Q. Oh, this is the one from the emergency manager?

A. Right, yes.

Q. Okay.

A. And there was also a -- an electronic document that was provided by Jones Day to council where some of the elements of that document were pro -- were -- Miller Buckfire contributed to elements of that document.

Q. There was a document provided by Jones Day to City Council, which included input by Miller Buckfire?

A. That's correct.

Q. This is separate from the emergency manager's package; is that right?

156: A. That's correct.

Q. Okay. Do you know about when that package was provided to City Council?

A. That document would have gone to City Council on

October 20th or 21st.

Pg: 156 Ln: 11 - Pg: 157 Ln: 22

Designation:

BY MR. MARRIOTT:
Q. If you could look at Doak 4 for a moment. My understanding is that this document was provided to City Council before the City had selected Barclays as the provider of DIP financing, correct?
A. Don't mean to be cagey, but you've got to be very specific about -- I think by the time we were going -- by the time I was going individually --
Q. Yes?
A. -- to members of City Council, we pretty much knew who we were going to choose, okay, and we were going through the process.
As you can see from the dates, you've got a date of the 6th and a date of the 7th, but we still had to go through the process of -- of covering off with various sort of decision makers to make the commitment letter effective, which included the payment of the commitment fee.
Q. Okay. But Doak 4 is the package that was used by you in connection with your individual meetings with members of the City Council?
A. Yes.

Q. Okay. And did any of them react to the terms of the proposed financing in those one-on-one meetings with you?
A. Yes.
Q. Can you characterize those reactions?
A. There are six individual members of the City Council and they -- they're all, to the best of my understanding or to the best of my understanding at the time, they were all very hospitable and deliberative and genteel in regards to listening to the materials that we presented. They all -- each has their own particular mindset in regards to everything from the emergency manager and the bankruptcy to the ethical and moral character of about everybody in this room except for Jerry.

Pg: 158 Ln: 2 - 17

Designation:

158: BY MR. MARRIOTT:
Q. Let me ask you this question. When City Council ultimately rejected the Barclays' DIP financing proposal, were you surprised?
A. I was -- I was disappointed but not surprised because I knew that that would be a very real possibility given the overall environment.
Q. And was that expectation reinforced by your meetings

with the individual City Council members?
A. What expectation?
Q. You indicated that you were disappointed but I think not surprised by the actions City Council took. I guess what I'm asking you is whether your lack of surprise resulted from the meetings you had with them or whether you suspected even before those meetings that the City Council would not approve a loan.

Pg: 158 Ln: 20 - Pg: 161 Ln: 18

Designation:

158:20 THE WITNESS: There's a lot of embedded questions in there. I mean, the meeting -- as I said, meetings were very hospitable. In my opinion, people listened and understood the underlying logic. There's a -- a fair amount of -- of concern at the council level and at the individual council member's level in
159: 1 regards to this transaction and as well as the precedent transactions that beget this one, and many of their concerns were, I think, accurately reflected in the elements of the ordinance that they passed.
BY MR. MARRIOTT:
Q. You mean the resolution that they passed?
A. Sorry. The resolution that they passed, yes.
Q. Doak 3, the October 17th submission, my understanding is this -- these briefing materials were prepared for

the meeting at which the City Council decided on its position with respect to the Barclays' financing; is that right?

A. No. These materials were prepared for a briefing of City Council in closed session in regards to the financing.

Q. Okay.

A. I don't know if they wanted to make the decision at that point. I don't know if they made the decision at that point. We were not present for the entire session, and that's all I know.

Q. Okay. So you made a presentation in this closed session, then you exited and the next thing you knew, when the ordinance -- or when the resolution was passed?

A. Well, their -- Jones Day provided, as I said, a

160: follow-up piece of material.

Q. So the Jones Day material was after Doak 3?

A. That's right.

Q. Did you have any contact with City Council or its members after the October 17th closed session?

A. Yes.

Q. Okay. And what was the nature of that content?

A. I presume you mean with regards to deliberation on the financing --

Q. I do.

A. -- because I still see them.

Q. I do, with respect to the DIP financing.
A. Yeah. With regards to the DIP financing, I had a conversation with Erv Corley, who is a financial analyst or has, you know, financial analytical responsibilities as part of the staff of council.
Q. How long after the October 17th closed session did you have that conversation?
A. That conversation was on the 25th.
Q. And what was the substance of that conversation?
A. That conversation was in regards to a -- a document that was provided to council by Syncora and Syncora's investment banker.
Q. Was -- I'm sorry. Erv Crowley did you say?
A. Corley.
161: Q. Corley?
A. C-o-r-l-e-y.
Q. Was he describing to you the substance of what had been submitted to City Council by Syncora or merely telling you that they provided something?
A. I -- the document had already been forwarded to me via Erv and perhaps via Sonya Maze, senior advisor to the senior manager.
Q. And did Mr. Corley ask you to take any action with respect to the Syncora materials?
A. No.
Q. After that conversation with respect to the DIP financing, did you have discussions with City Council

or any of its members or any of its advisors prior to
the resolution rejecting the Barclays' financing?
A. No.
Q. So that was the last one?
A. Yes.

Pg: 162 Ln: 12 - Pg: 166 Ln: 12

Designation:

162:12 Q. Mr. Doak, good afternoon.
A. Good afternoon.
Q. My name is Steve Hackney. I represent Syncora in the
City of Detroit's bankruptcy case. Could you take a
look at Doak Exhibit 5 for me, at the second page of
that exhibit? Do you have that in front of you, sir?
A. Yes, I do.
Q. Before I ask you questions about this exhibit, let me
ask you a preparatory question, which is do you
understand that it's common in the course of retaining
a financing proposal that the prospective lenders want
to do what's called due diligence with respect to the
borrower?
A. Yes.
163: 1 Q. And the process of due diligence involves the process
of obtaining information about the borrower, correct?
A. That's correct.
Q. And in connection with the post-petition financing,

the prospective lenders also were given access to due diligence materials; isn't that correct?

A. That is correct.

Q. I'm going to ask you some questions that are aimed at understanding what due diligence materials they were given access to. Do you see on the second page of Exhibit 5 that in the table there, there is a column that says data room at the top of the column and some of the prospective lenders have checkmarks next to their name and some don't and some have not applicable?

A. Yes.

Q. Is that data room the same data room that has been made available to the creditors in this case?

A. Yes.

Q. Do you know whether additional due diligence information was given to prospective lenders above and beyond the data room that's been made available to the creditors?

A. There is -- there is not a second data room or a portion of the data room that is accessed only by the prospective lenders.

Q. Okay. That's a fair answer to the question. I guess I want to close you out, though, and say was there any additional information that was provided to prospective lenders that -- as part of due diligence, that has not been provided to the creditors in these

cases?

A. Yes.

Q. What type of information was that?

A. We had -- we had, you know, ongoing dialogues with regards to the structure and strategy of the post-petition financing itself that we wouldn't necessarily have or necessarily replicate with the -- with the creditors.

Q. And when you say ongoing dialogue with respect to the post-petition financing itself, do you mean analytical relating to the post-petition financing or are you referring to the negotiations of the terms of the post petition?

A. Well, more the negotiations of the terms and how we came up with the overall structure. I mean, they were -- they were -- they were asking questions about, you know, how the -- what they could get in the financing and what they couldn't get in the financing and how we would feel about certain provisions of the

165: financing.

Q. Okay.

A. I think if we -- I think -- I think, to some extent, some of those topics, you know, there's no intent to not have those discussions with the creditors. It's just these were lenders asking questions about extending credit, so they had all sorts of ranges of questions.

Q. I think I understand that question [sic]. So, for example, are you saying that it's possible Mr. Buckfire may have said something to a prospective lender that constituted information about the borrower that that specific statement by Mr. Buckfire may not have been made available to creditors; is that an example of what we're talking about?

A. That would be an example. However, it would be unlikely that Mr. Buckfire would have been in that position.

Q. Let me try to cut to what I'm trying to ask about, which is I'm trying to ask about what I think any industry professional would consider to be due diligence materials, and I'd like to focus my question on written materials. So were additional written due diligence materials provided to prospective lenders that have not been provided to the creditors in these

166:

cases?

A. No. No. To the extent we were going to provide anything to a -- a potential provider of financing, it was pretty clear that we were going to end up putting in into the data room so all the creditors could see it at the same time, amongst other reasons, because so many of the creditors were thinking about the financing, right? And then we were able to answer most of the questions, if not all the questions, that potential financing providers had based on the,

you know, copious and ever growing amount of materials that are in the data room that the creditors have.

Pg: 166 Ln: 14 - Pg: 167 Ln: 2

Designation:

166:14 Do you remember that you testified earlier that Mr. Marken, Sanjay Marken did certain cash flow modeling that was at least preliminary independent of the cash flow modeling that was done by Ernst & Young; do you remember that subject matter of your testimony?
A. Yes.
Q. Do you know if his cash flow modeling has been produced as part of the DIP objection process?
A. I don't know.
MR. HACKNEY: Okay. And that's something I would say I think is fairly within what we expected would be produced. Whether you agree with that or
167: 1 not, please consider this a request for that production.

Pg: 168 Ln: 3 - Pg: 170 Ln: 4

Designation:

168: 3 Q. You and Mr. Marriott had a colloquy about the impact of the DIP loan on creditor recoveries. Do you recall that line of questioning?

A. Yes.
Q. At one point in that line of questioning, you said something to the effect of -- and I may not get this verbatim, so listen to the spirit of the words and see if it refreshes your recollection about your testimony. You said something like I haven't seen a side-by-side comparison. Do you remember that testimony?
A. I think so.
Q. I think, if I recall, he was asking you about the impact on creditor recoveries with the DIP loan versus creditor recoveries without the DIP loan, and we had a relatively lengthy colloquy on that, but at the beginning, I thought you said that you had not seen a side-by-side comparison?
A. Right.
Q. What did you mean by that?
A. We don't -- the City does not have a set of projections that contemplates not spending the -- on the operational revitalization initiatives, and one of
169:
the outputs of those -- of that -- of the current provision, as well as any other projection, would be -- would be that line of, okay, what are the residual cash flows in this particular proposal. And so my comment was one -- was lengthy to the effect that we have a substantially worse-off City, right, with more risk of further decline, and as a result,

less available value for creditor recovery as far as
the organic cash flows of the City, but, you know,
that countercase of a show-me status quo continued
municipal service insolvency for another, you know, X
period, what does that do. You know, we haven't -- I
haven't seen that case run.
Q. And to your knowledge, it has not been run by any of
the professionals to the City, correct?
A. That's correct.
Q. I think this follows from what you said, but I want to
confirm it, which is the -- the ten-year forecasts
that have been run, for example, ten-year forecasts
that were included in the proposal for creditors are
ones that assumed the reinvestment and restructuring
initiatives would be undertaken and have their
attendant positive effect on the City, correct?
A. That's correct.
Q. What has not been run is a ten-year forecast that does
not assume the restructuring and reinvestment
initiatives in order to see what that world looks like
to your knowledge?
A. To my knowledge.

Pg: 170 Ln: 9 - Pg: 171 Ln: 20

Designation:

In the -- I will find it if you like, but I

saw a note in the comparison chart that was comparing the different proposals, that Barclays was also amenable to doing a swap replacement. Let me know if you'd like to check that. I could be wrong. Take a look at Doak Exhibit 5 at Bates stamp 2221.
A. Yep. Yes.
Q. It's in the middle, down at the bottom.
A. Uh-huh.
Q. Do you see that?
A. Yes.
Q. So, Mr. Doak, my first question is did they propose this additional replacement swap transaction during this time frame of sourcing the debt? Not did they propose a transaction. Did they propose the idea that that could be an alternative during this process?
A. Yes. That was part of their -- their submission on
171: September 16th.
Q. So it was here's the $350 million post-petition financing and an alternative idea was a swap replacement plus a smaller note or what did it look like?
A. I think I'd have to -- I'd have to go to it to see exactly what -- you know, how they phrased it.
Q. Okay. That's fine. Do you remember off the top of your head -- obviously, the swap replacement addresses issues that relate to the swap. It may not relate -- it doesn't address the other issues that are part of

the financing related to the quality of life note. Do you remember off the top of your head whether they proposed to do the quality of life no matter what and the swap termination note and the swap replacement were interchangeable to each other?

A. I -- I -- I don't recall a -- I don't recall. I believe they were prepared to structure a replacement swap and then additional, you know, proceeds from a loan if required.

Pg: 172 Ln: 5 - 24

Designation:

Q. Let me ask a similar way. Did you ever learn that Barclays had previously, back in history before the cases were filed, proposed a replacement swap to the City of Detroit?

A. Yes. They had presented transaction concepts to the City prefiling where the -- a replacement swap was one component of a series of transactions.

Q. Do you remember the proximity of that presentation to the filing date?

A. Now, here, the -- I've seen -- I've seen a -- I've seen presentations that they developed, but I don't have full knowledge of who they presented them to and when they presented them exactly. I know that they presented materials to the treasurer of the state and

I know they've presented materials to, you know,
certain Jones Day attorneys.

Q. And I agree. It's -- since you weren't there, you
can't personally know when it actually happened. Can
you tell me your understanding of when it happened?

A. Late 2012 and early 2013.

Pg: 173 Ln: 14 - 24

Designation:

173:14 Q. Okay. Irrespective of who the idea was proposed to,
I'm talking about a proposal relating to the swaps in
this case being replaced. And by a proposal, I mean
something that had enough numbers in it that you could
actually theoretically compare it to the existing swap
and decide whether it was something that you wanted to
advance, because we know that it didn't, obviously
akin to the Barclays' proposal we were just
discussing.

A. I've seen -- I'm not aware of any other institution
that produced materials like what I saw from Barclays.

Pg: 174 Ln: 17 - Pg: 175 Ln: 22

Designation:

174:17 Q. Which is, to the extent your testimony is
characterized by lawyers or judges as opinion

testimony, can I find your opinions in your declaration?
A. You can -- yeah, I think. I mean, I may be asked -- other people may ask me other things, right?
Q. Well --
A. But these guys probably can't, right? But you guys can, right?

175:
Q. And I want to follow up a little bit. Isn't it true that Miller Buckfire has not been tasked with undertaking the operational restructuring of the City?
A. That is true. We have not been tasked with that task.
Q. And you haven't, correct? You haven't endeavored to restructure the operations of the City, correct?
A. We -- we're providing general restructuring advice to the City, but that -- and some of that advice relates to aspects of the operation but we are not operational restructuring experts. That's not our profession.
Q. You're not telling the City how it should restructure its operations when you advise them, correct? That's what Conway McKenzie is doing.
A. That's correct.
Q. Okay.
A. We may inform the City in regards to how particular creditors perceive the -- the issues surrounding operational restructuring and assist in communications with them, because that's our area of expertise, but insofar as providing, you know, primary operational

restructuring advice and execution, that's not our mandate.

Pg: 177 Ln: 8 - Pg: 178 Ln: 10

Designation:

177: 8 Q. You know, what I'm getting at is there's a distinction working on the Detroit case and being aware of the problems of Detroit and the fact that there are challenges, and so on and so forth, and the idea about how you might fix them. There's also the idea of being the person who has been tasked with understanding those problems and specifically coming up with remedies for those problems in order to fix them, and I'm trying to confirm that your job duties have not involved what I just described because that's Conway McKenzie's job.
A. I understand what you're saying. I would -- I would only suggest that, you know, sometimes in their responsibilities, investment bankers are tasked with, required to, and capable of making statements and judgments in regards to companies' business plans, while they're not the individuals that are necessarily the ones that are executing the business plans or have
178: 1 executed -- or are designing the operational initiatives on the ground.
Q. And have you done that here?

A. Not at -- well, I think your question is in regards to what am I about to testify to.
Q. No, I'm asking about what you have done. Have you checked the work of Conway McKenzie to determine whether you independently agree with it?
A. We -- we are not engaged in that -- I have not engaged in that activity.

Pg: 178 Ln: 12 - Pg: 179 Ln: 11

Designation:

178:12 Can I ask you to take a look at Doak Exhibit 6. Mr. Doak -- sorry. We'll come back to that in a second just given the time.
A. Okay.
Q. You were asked a number of questions with respect to information that was submitted to the City Council by Mr. Marriott. Do you recall that testimony?
A. Yes.
Q. Do you agree that the City -- you are aware that the City sought to keep the Barclays' fee level confidential and under seal; isn't that correct?
A. Yes.
Q. And the reason the City sought to do that was because the -- was because Barclays wanted it to, correct?
179: 1 A. That's one of the reasons.
Q. Okay. In addition, it's your understanding that the

reason Barclays wanted its fee level kept confidential was because it contains commercially sensitive information, correct?

A. That's the argument that I heard them make.

Q. Right. And the commercially sensitive information that's in the fee letter as you understand it relates both to the amount of the market flex and also the amount of fees that are contained in the fee letter, correct?

Pg: 179 Ln: 17 - Pg: 181 Ln: 11

Designation:

179:17 THE WITNESS: It is my understanding that what they thought is what they argued and they argued that both the commitment fee amount and also the particulars of the market flex terminology and other language were commercially sensitive.

BY MR. HACKNEY:

Q. And as an investment banker who's an experienced individual in the field, do you agree with the view Barclays expressed that those two types of information

180: 1 are, in fact, commercially sensitive?

A. I believe they can be, yes.

Q. And did you believe that they were in this case?

A. I believe that it would be helpful to the overall pricing for the City if the document remained under

seal and the commitment fee and the market flex provisions were not filed publicly. There was already some chatter about the commitment fee size, and in the end of the day, it probably would have been challenging, considering the various reporting requirements under the emergency manager law to cloak the actual commitment fee payments.

So it would have been helpful. But of the two terms, I viewed the market flex as more commercially sensitive. I viewed the sealing generally of the fee letter as being also commercially sensitive, because sometimes what's as important as, like, what is in the market flex is what's not there, right, when a syndicator is stepping up to the market and trying to do whatever it's trying to do.

Q. Do you agree that two of the most important aspects of any potential financing are the fees that are involved and the interest rate?

A. Those are -- those are two very important aspects of evaluating the economics of the financing.

181: Q. And I don't know. Just to streamline it, do you recall there was some testimony at the motion to seal hearing about how different lenders have different strategies and may put more into the interest rate versus more into the fee?

A. Sure.

Q. And so that's part of what you're evaluating when

you're looking at the economics of the different
proposals that are made, correct?
A. That is correct. Those are important economic
elements when comparing proposals.

Pg: 182 Ln: 4 - Pg: 183 Ln: 3

Designation:

182: Q. Do you understand that it is -- when it comes to
sourcing financing, it is customary for investment
bankers such as yourself to provide confidentiality
agreements that allow the prospective lenders to know
that certain aspects of their offers won't be shared
with others?
A. That's normally an element and an expectation --
that's normally an element of -- of letters and it's
frequently an expectation of individuals who are
proposing financing and it's important when it can be
achieved in the context of the individuals firms
soliciting financing so as to achieve the best overall
results.
Q. Right. Because you're trying to get the best deal for
your client. As the person that's sourcing the loan,
you think about what the prospective lenders might
want as you structure the process, right?
A. That's correct.
Q. And you know one of the things that they want is they

don't want their specific economic terms shared with the other prospective lenders, correct?

A. Yes. At various states in the -- yeah, at most stages in the process, everybody wants their bid to remain -- everybody wants their bid to remain competitive -- confidential.

Pg: 183 Ln: 10 - Pg: 184 Ln: 8

Designation:

183:10 BY MR. ASHLEY:

Q. Good evening, Mr. Doak. My name is Marc Ashley from Chadbourne & Parke. We represent Assured Guarantee Municipal Corp. in these proceedings. I'm hoping to address some fairly circumscribed areas and to get through it fairly quickly.

Are you familiar with the City's unlimited tax general obligation bonds?

A. Yes.

Q. If I refer to them in shorthand as the unlimited tax bonds, would that be okay?

A. Sure.

Q. Okay. Are you also familiar with the ad velorum taxes that the City levied to repay those unlimited tax bonds?

A. Yes.

184: 1 Q. Those ad velorum taxes are not part of the collateral

pool for the proposed DIP financing, are they?
A. They are -- no, they're not part of the collateral provisions in the post-petition financing.
Q. Okay. Are you aware of any discussions with Barclays about those ad velorum taxes being included within the collateral for the financing?
A. I'm not aware of any dialogue on that front.

Pg: 184 Ln: 9 - Pg: 185 Ln: 2

Designation:

184: 9 Q. The -- this may have been touched on previously, but one of the terms of the proposed financing is that the DIP loans, those bonds will have super priority claim status with respect to all pre-petition unsecured claims; is that correct?
A. I believe that's accurate.
Q. Did Barclays ever specifically request super priority claim status with respect to the ad velorum taxes that relate to the unlimited tax bonds?
A. I cannot recall them doing that in a -- with -- I can't recall them ever doing that.
Q. Okay. Do you recall that ever coming up in discussion with them?
A. I can't recall that coming up in a discussion.
Q. In your view, could the City have secured the proposed financing if those ad velorum taxes were excluded --

or, I'm sorry -- if the unlimited tax bondholder claims were excluded from the super priority claim status provision?

Pg: 185 Ln: 6 - 10

Designation:

THE WITNESS: I don't have a view on that.

BY MR. ASHLEY:

Q. Do you have a view as to whether Barclays would have provided the proposed financing if that exclusion were part of the supper priority provision?

Pg: 185 Ln: 13 - 14

Designation:

THE WITNESS: No, I don't have a view on that.

Pg: 185 Ln: 15 - Pg: 186 Ln: 14

Designation:

BY MR. ASHLEY:

Q. We also touched on earlier in your testimony the issue of exit financing. What are generally the City's expectations about securing exit financing?

A. At this point, the City's forecast is -- has a very

conservative assumption that the financing is retired at the default terms with the higher interest rate and the default provisions in regards to amortization. The -- I think there is a -- I would believe there will be an opportunity to achieve substantially better terms for the City in regards to a lower interest rate

186: and/or extended amortization but that will depend on the City's overall capitalization post restructuring.

Q. So in your view, what impact does the proposed DIP financing have on the City's prospects to secure exit financing?

A. In -- amongst other impacts, it does -- it does potentially have some positive impacts on the City's ability to obtain financing upon emergence, including maintaining access in the capital markets and also maintaining a position in front of the rating agencies on a -- sort of on a pro forma basis. The opportunity to refinance under Home Rule Act 36(a) has been out there to finance on a secured basis. I would -- I think that's some of the point of interest.

Pg: 186 Ln: 17 - Pg: 188 Ln: 5

Designation:

186:17 BY MS. MONTESANO:

Q. Hi. My name is Leah Montesano. I represent Ambac Corporation, and I as well think that I have just a

few discrete questions and I will probably be able to go fairly quickly.

Mr. Doak, if the post-petition financing is approved, is my understanding correct that the City will receive the proceeds as a part of one-lump sum?

A. Yes, that's correct.

187: Q. Both the swap termination aspect will be one-lump sum and the quality of life portion will be one-lump sum, right?

A. That's correct.

Q. Okay. And the swap portion of the loan will then shortly be -- thereafter be paid as part of the swap termination fee; is that --

A. Well, pretty much instantaneously or else we, you know, have an issue kind of. That's --

Q. Okay. What is your understanding of what will happen to the remainder of those funds, the aspect that is the quality of life note, what will happen to that lump sum?

A. That will be deposited in the City's general fund.

Q. And do you have an understanding of how the City plans to use those proceeds?

A. Yes.

Q. And what is that understanding?

A. My understanding of how the City will, in effect, use its -- I have an understanding in regards to how the City will use its liquidity and cash that's in the

general fund, and my understanding is that it will use it consistent with the DIP cash flow forecast and the schedules provided by Conway McKenzie to the City and the other advisors in regards to particular operational initiatives and revitalization initiatives.

Q. So as part of the general funds, is it fair to say that those quality of life proceeds are not earmarked for any particular purpose?

Pg: 188 Ln: 8 - 12

Designation:

THE WITNESS: They will -- the proceeds will not be placed, to the best of my knowledge, in a segregated account and the spending that will occur, as I understand it, is not going to be from a segregated account.

Pg: 188 Ln: 13 - 20

Designation:

BY MS. MONTESANO:

Q. Okay. I'd like to direct your attention to Exhibit 2, which is the indicative term sheet that was -- that was sent to potential lenders.

A. Okay.

Q. The third page, 16684. At the very bottom, you talk about the quality of life loan.
A. Yep. Yes.

Pg: 189 Ln: 6 - 10

Designation:

Q. Do you know who came up with the term quality of life?
A. Yes.
Q. Who is that?
A. The -- that terminology came from an attorney at Jones Day.

Pg: 190 Ln: 20 - Pg: 192 Ln: 22

Designation:

Q. When you were working with the City to develop this indicative term sheet, did you discuss what use for the quality of life loans would be permissible?
A. Yes.
Q. And what was the nature of those discussions?
A. Those discussions incorporated discussions about the Conway McKenzie operating initiatives and incorporated conversations about provisions of the Michigan Gaming Revenue Control Act.
Q. Okay. And for the Conway McKenzie operating initiatives, what initiative in particular are you

referring to?

A. I'm referring to the initiatives that are described in various forms in the DIP cash flow forecast, as well as additional schedules that -- that Conway McKenzie provided that outlined some of the initiatives by -- by spending amount, and in some cases, individual expenditures.

Q. Is it your understanding that the funds obtained through the quality of life loan will go to the general fund and then not be put to immediate use?

A. It's my understanding that the funds will go to the general fund, and the City will begin to deploy the capital, you know, as projected as has to be revised given the fact that this is now December, in the various schedules that have been prepared by Conway McKenzie, and to the extent that -- you know, that -- well, I mean, that and -- but to the extent that other opportunities present themselves, the -- the funds are in the general fund.

Q. Did you consider structuring the transaction rather

192:

than a payment as a lump sum as -- instead of as a line of credit?

A. Yes.

Q. And why did you opt not to structure the quality of life portion as a line of credit?

A. The proposal -- the -- the City could only consider the proposals that it received. It is frequently

challenging to receive a line of credit from commercial lenders giving the economics of extending lines of credit and commitment capital. In addition, the City was mindful that any decision to defer or delay proceeds from a financing process meant making a balancing decision between the negative carry of having the cash on the balance sheet and the risk both that the City could be in default of other sort of conditions precedent to further draws, as well as funding risk from a would-be financing party and their -- I'm sorry -- credit risk from a would-be financing party and further had to add to that balancing decision the positive impact and assurance that the City would have in knowing that the funds were in the general fund.

Pg: 193 Ln: 1 - Pg: 194 Ln: 2

Designation:

193: BY MS. MONTESANO:

Q. Exhibit 13 [sic] is a November 4th, 2013, presentation. It appears to be from Miller Buckfire briefing material from the Financial Advisory Board. Are you familiar with this document?

A. Yes.

Q. And I'd like to direct your attention to the third slide, which is Bates labeled 1962. This slide, I'll

represent to you, is actually the same slide that is part of Exhibit 3 if you wanted to compare.

A. Yes.

Q. And you can see the first bullet point, the fourth dash down, reads as the court approval process for the forbearance agreement has been delayed, the City and the swap counterparties have agreed to push back the deadline dates associated with the discounted payoff, and then there's a footnote there. Terms herein are currently under discussion with the swap counterparties.

Are you involved in those discussions with the swap counterparties?

A. I am involved. I am not the primary banker involved.

Q. Who is the primary banker involved?

A. Mr. Buckfire.

Q. Do you know the current status of those negotiations?

A. Yes.

Q. And what is it?

Pg: 194 Ln: 15 - 19

Designation:

THE WITNESS: Okay. You know, it's my understanding that the -- and as you know from the data room, the first five amendments to the forbearance agreement have been executed and that the

sixth has not. So the --

Pg: 195 Ln: 1 - 6

Designation:

195: BY MS. GREEN:

Q. Mr. Doak, I'm Jennifer Green on behalf of the Retirement System for the City of Detroit. Following up with a question that was just asked of you regarding the term quality of life, which attorney came up with that term?

Pg: 195 Ln: 14 - 20

Designation:

195: THE WITNESS: Chris Bennett.

BY MS. GREEN:

Q. Did you have email correspondence relating to this term with Mr. Bennett?

A. What -- I mean, I have emails in regards to post-petition financing and the loan is labeled the quality of life loan.

Pg: 196 Ln: 10 - 13

Designation:

196: BY MS. GREEN:

Q. Let me ask it this way: When was that term -- quality of life, when was that term originated?
A. Sometime in mid-to-late August.

Pg: 196 Ln: 14 - Pg: 197 Ln: 12

Designation:

196:14 Q. You were asked a few moments ago about working on developing the term sheet and you mentioned the Michigan Gaming Control Act.
A. That's correct.
Q. At what point in time did you become aware of the Michigan Gaming Revenue Control Act?
A. To the best of my recollection, probably sometime in early summer.
Q. Early summer meaning pre -- do you consider that prepetition, so we're talking, like, June?
A. I consider that to be prepetition.
Q. And who made you aware of this act?
197: 1 A. I don't recall.
Q. Do you know what context this act came up in?
A. The act came up in context of dialogue with the swap counterparties.
Q. Do you recall if it was in relation to the negotiations in early June surrounding the forbearance agreement?
A. It would be around that time.

Q. And I understand that you helped develop the terms for the DIP financing. Why was it that the swap note did not have casino revenue as a source of collateral; why was it structured that way?

Pg: 197 Ln: 14 - Pg: 198 Ln: 12

Designation:

THE WITNESS: As with many provisions in the indicative term sheet, we -- the term sheet, I recall thinking that the term sheet should be constructed to avoid, if wherever possible, as much controversy as possible.

BY MS. GREEN:

Q. And why did you think that it was less controversial to attach the casino revenue to only the quality of life note?

A. My belief at the time was that the argumentation that we'd heard people represent around the swaps and their collateral interest and the validity of the interests of the swaps' collateral interest in the gaming -- gaming revenues was out in the market and part of how potential investors would quickly sort of due diligence themselves about what is -- what is controversial and what is not controversial. So given that that was part of the public -- publicly reported controversy associated with the -- the swaps and their

collateral, it was my thinking that the best way to steer clear of further controversy was to have the swap termination loan more focused on the -- a form of the City's revenues that were not the gaming tax revenues, and that's what we did.

Pg: 198 Ln: 23 - Pg: 201 Ln: 24

Designation:

198:23 Q. Well, do you recall any particular lender off the top of your head that had a concern about the casino revenue being used as a source of the collateral?

199: 1 A. Yes.

Q. And who was that?

A. The ones that particularly come to mind was a joint proposal from Ambac, Assured, and NBIA.

Q. Was this also a concern that was raised by any of the City Council members in your one-on-one conversations with them regarding the DIP financing in general?

A. Several council members expressed, you know, ongoing both historical and present concerns with regards to the validity of the entirety of the cops and swaps transaction including the collateral arrangement. Others signed the document as they were mayor at the time.

Q. I just asked you about the City Council members.

You also mentioned that you had a

one-on-one meeting with a staff member from City Council. Is that Erv Corley?
A. I had a one-on-one -- yes, I did.
Q. Were there any other staff members that you had conversations with relating to the DIP financing?
A. Yes.
Q. And who are they?
A. Marcel Hurt joined the meeting that I had with council member -- with council chair, with the council president.
200: Q. Is he the only one?
A. He was the only one along with the council president.
Q. Do you know an Ann Langan?
A. I recall the name.
Q. Did you have a one-on-one meeting with her relating to the DIP financing or the swap transaction?
A. I -- no, I don't believe I did.
Q. Do you recall the name because maybe her name came up in your conversation with Erv Corley?
A. No, I recall the name because she is in an email correspondence between her and Todd Snyder of Rothschild in the Syncora objection and I -- I believe, but I can't specifically recall, that she was most likely a member of the staff that was in the room when we had the closed-council session.
Q. Do you know if any other members of Miller Buckfire met with Ms. Langan before the City Council meeting,

if you know?

A. I don't -- I don't know.

Q. When you met with Erv Corley, did you discuss the casino revenue pledge specifically with him?

A. Yes.

Q. And what was the substance of that conversation?

A. The conversation used the briefing document that's marked as one of the -- the exhibits here, Doak 4, and the dialogue was both about the structure of the financing, the post-petition financing, as well as the history of the cops and swaps transactions.

Q. Did he have any questions about the fee letter or the market flex provision during your meeting?

A. No.

Q. You were asked extensively about the fee letter and the market flex provision. I don't think at any point you were asked whether in your capacity as the investment banker for the City of Detroit if you were unaware of the market flex provision personally, would you be able to recommend a $350 million loan if you did not know what the market flex provision could yield as far as interest rates.

A. I would not be in a position to recommend the transaction to Kevin Orr if I was not aware of the market flex provision.

Q. And similarly, if you were unaware of the fees associated with the $350 million loan, would you, as

the investment manager for the City of Detroit, be
able to recommend that transaction to the City?
A. I -- in order to recommend the transaction to Kevin
Orr, it was important to me to have the
understanding of the commitment fee.

Pg: 205 Ln: 2 - 6

Designation:

205: 2 BY MS. GREEN:
Q. You were asked earlier about what I believe was
Exhibit 3, but it might be Exhibit 4 because I think
we split it. It's the term sheet. It was the one
that was misstapled, so I am unclear as to which.

Pg: 205 Ln: 10 - 12

Designation:

205:10 Q. Yeah. If you flip -- mine is Bates numbered
differently. Section 5 is what I am looking at,
paragraph 5.

Pg: 206 Ln: 1 - Pg: 208 Ln: 7

Designation:

206: 1 BY MS. GREEN:
Q. Certain other provisions, paragraph 5.

A. Yes.

Q. The third bullet point down, it says state law validity opinion for the note. With appropriate carveout in respect to pledging priority. Do you see that part?

A. Yes.

Q. You helped prepare the term sheet, correct, the original term sheet?

A. Yes.

Q. Was this portion part of the original term sheet or did Barclays change this?

A. This was a negotiated provision of the Barclays' term sheet.

Q. And why was it negotiated?

A. Because they wanted a state law validity opinion.

Q. And why were the pledge and priority issues specifically carved out of that legal opinion requirement?

A. The attorneys spent a substantial amount of time dialoguing on the opinions that would be delivered in context of the closing of the financing and what was an opinionable matter both in regards to -- in regards to the world of municipal finance, in regards to the
207:
world of restructuring finance, and what one could deliver as a law firm when the two worlds collided and -- and to the best of my recollection, that is a -- that reflects, you know, some form of meeting of

the minds that the law firms had in regards to the form that opinion would take and what it would reference and what it would not reference.

Q. And what would it not reference?

A. Well, I think what this would -- I think the point here is you have a state law validity opinion and it would be a valid opinion under state law but it would have an appropriate carveout in respect to the pledge and priority which were provisions of Federal Bankruptcy Code and so could possibly be beyond an area at which someone would be expected to deliver a state law opinion. But that's said by someone who is not a practicing attorney.

Q. Were the concerns about the casino revenue being used as a pledge part of the reasoning behind not requiring legal opinions with respect to the pledge itself?

A. I don't -- I don't know or I can't recall. Part of this discussion, as I recall, all involved the concept of, like, what a particular institution such as Miller Canfield, which knew the provisions of state law, could opine on or not opine on and should opine on and not opine on given that in the federal context and in the federal restructuring context, it's relatively unusual to have validity opinion in regards to pledging and priority based on a post-petition financing with the federal court order. But, once again, this is a banker trying to recall a

conversation amongst four law firms.

Pg: 210 Ln: 6 - 7

Designation:

210: 6 THE WITNESS: Exhibit 11 has that language
that you were going to, I believe.

Pg: 210 Ln: 8 - 25

Designation:

210: 8 BY MS. GREEN:
Q. The version I have does have the page and the language appears to be delivery of legal opinions in form and substance consistent with the documentation requirements set forth in section 5 hereof.
A. Yep.
Q. My only question for you then to follow up is if there is not a legal opinion listed in the documentation of paragraph 5, is it your understanding that there is no other legal opinion required under the note?
To make it easier, is there, like, a side agreement that we don't know about --
A. No, no. I --
Q. -- that has a legal opinion that has not been produced?
A. No, there's not a side --

Q. Okay.

A. There's not a side agreement.

Pg: 211 Ln: 4 - 5

Designation:

211: 4 MARKED BY THE REPORTER:

DEPOSITION EXHIBIT 15

Pg: 211 Ln: 9 - Pg: 212 Ln: 9

Designation:

211: 9 BY MS. GREEN:

Q. Mr. Doak, who is Thomas Gavin?

A. Thomas Gavin is an investment banker at R. W. Baird.

Q. And how is R. W. Baird involved in the City's finances?

A. R. W. Baird is a -- it has an engagement with the City with regards to the water fund and sewer fund and DWSD financings.

Q. And do you know if Thomas Gavin personally is working on that matter?

A. He's the -- he's been the individual present at some meetings with DWSD executives and introduced as the R. W. Baird banking team representative.

Q. And in Exhibit 15, at the bottom, it appears to be an email dated August 29th, 2013. Do you recognize that

email?

A. Yes.

Q. It states, Tom, great to meet you at DWSD. Is that referring to one of the meetings that you just spoke of?

A. Okay. I'm on the second page. Yes.

Q. Okay. You further state we're working on sourcing 350 million post-petition financing use of proceeds as to financing the swap termination and provide general fund liquidity through the Chapter 9 case, correct?

A. Yes.

Pg: 212 Ln: 10 - Pg: 213 Ln: 5

Designation:

Q. Did you speak with him about this post-petition financing earlier when you met him in person or was this the first he heard of it, this financing?

A. You got to ask that question again because it's a double question.

Q. Because it's what?

A. It's a double question.

Q. Okay. Did you speak to Mr. Gavin about the post-petition financing when you met him in person?

A. No.

Q. So this email was the first time you had approached R. W. Baird regarding post-petition financing?

A. Yes.
Q. Okay. And did you later speak with Mr. Gavin regarding that post-petition financing?
A. Yes.
213: Q. And when was that conversation?
A. I don't recall.
Q. Would it have been shortly after this email or was it recently?
A. Shortly after the email.

Pg: 213 Ln: 6 - 21

Designation:

213: Q. Okay. What was the substance of your conversation with Mr. Gavin relating to the post-petition financing?
A. He indicated that R. W. Baird would be declining the opportunity to arrange the post-petition financing and that it was, you know, a little outside their business model and, you know, given their ongoing engagement with DWSD, he thought that it would potentially, you know, create confusion or conflicts and so they were going to pass.
Q. Does R. W. Baird also represent the swap counterparties or, I guess, not represent but do they also have consulting or financial advisory services that they provide to the swap counterparties to your

knowledge?

A. I don't know.

Pg: 213 Ln: 22 - Pg: 216 Ln: 5

Designation:

213:22 Q. If you look at the email from Thomas Gavin that's above the one that we just spoke of, there's an email to you.

A. Yes.

214: 1 Q. It says when we spoke, I said that the counterparties didn't get a bankruptcy opinion from Lewis and Munday. I neglected to say that they did get an opinion from Orrick, attached. Are you familiar with the Orrick legal opinion?

A. No.

Q. Do you recall when he sent the email, did you review the Orrick legal opinion that was attached?

A. No.

Q. When you read this email, did you miss that there was an opinion attached?

A. No.

Q. So you knew it was attached but you didn't open it?

A. I don't remember whether I opened it.

Q. Okay. Further down in that paragraph, it says as I said on the phone, the counterparties' attorneys did not believe that the pledge survived but they did get

what they could from Orrick -- did get what they could from Orrick. Did you know what he meant when he said the counterparties' attorneys did not believe that the pledge survived?

A. Yes.

Q. And is it because, as the lead into the sentence says, as I said on the phone? Was he repeating something he had previously told you?

215: A. Yes.

Q. Okay. How did he explain it to you on the telephone?

A. He had a recollection or at least a narrative in regards to the negotiations that had occurred amongst parties in 2009 and he was informing me of a dialogue that he indicated had occurred in the negotiations between the City and its advisors and the swap counterparties and their advisors in regards to structuring the collateral agreement and amendment to the swaps.

Q. And when you say the collateral agreement, you mean the collateral agreement that secured -- or -- I'm sorry -- that pledged the casino revenue, correct?

A. Yes.

Q. Okay.

A. That did whatever it did to the casino revenue.

Q. Well, right. So, on the phone, you discussed that the counterparties themselves did not believe that the pledge of the casino revenue survived. When you

say -- when the word here survived is used, do you have an understanding as to what he's referring to? Does he mean the bankruptcy filing?

A. He -- in his narrative, he was suggesting that back in 2009, the City -- City's advisors were of the opinion that the protection could be conveyed to the swap counterparties and the swap counterparties' attorneys were of the opinion that the protection that was being provided in the collateral agreement wouldn't work. That is what I recall from the telephone conversation with him.